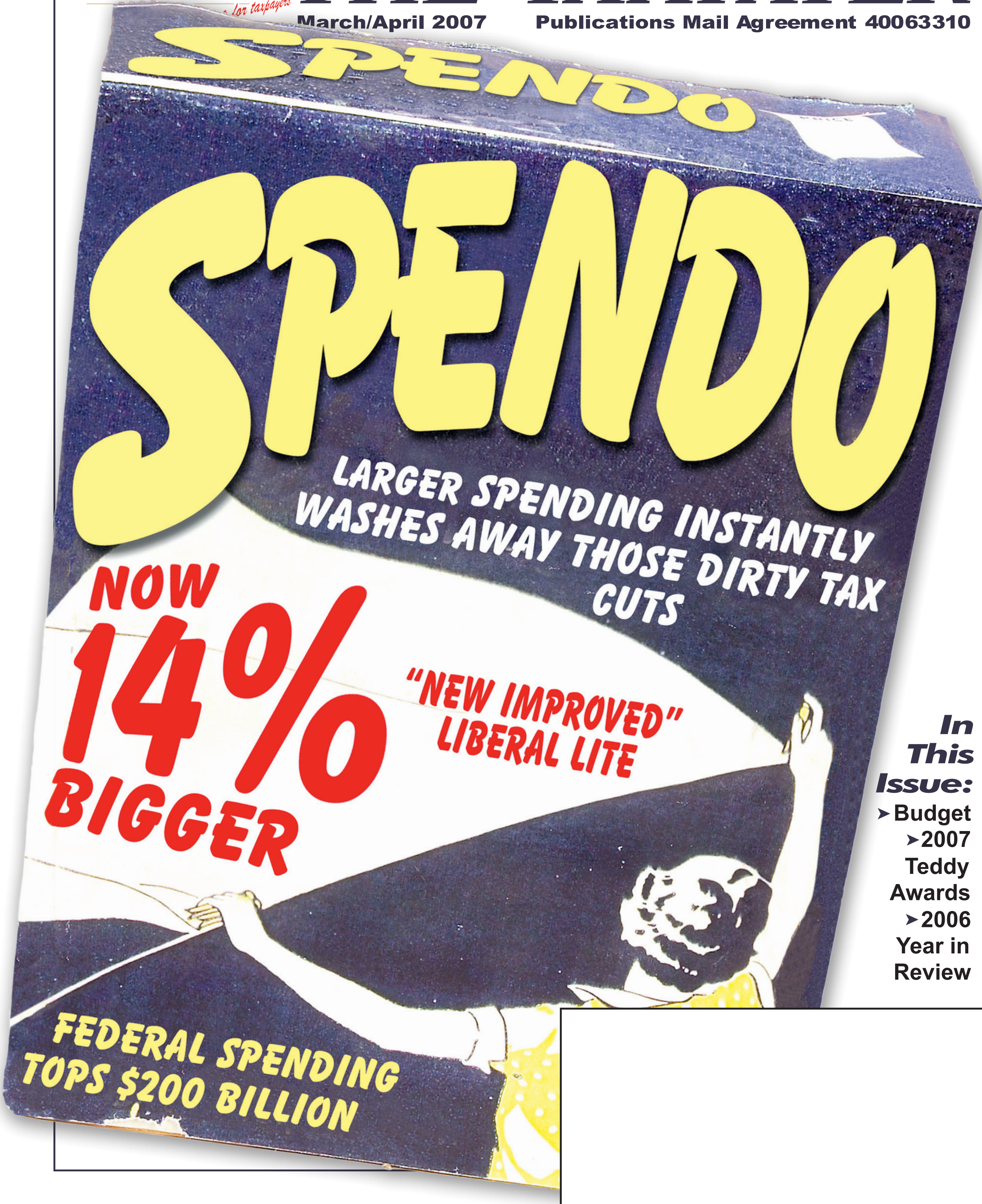
CANADIAN Taxpayers FEDERATION

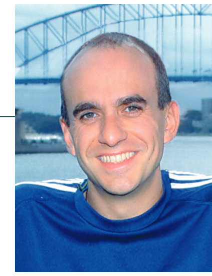
THE TAXPAYER

March/April 2007 Publications Mail Agreement 40063310



In This Issue:

From the editor



Troy Lanigan is the CTF's
National Communications Director
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Grit Tory same old story ...

Shortly after the Conservative government's inaugural budget this magazine ran the headline, *A New Beginning or Liberal Lite?* In the wake of the Tories second budget we can now unequivocally answer: Liberal lite.

When Stephen Harper was elected to govern Canada many taxpayers expected Ottawa to spend less and tax less. Indeed, leading up to the 2007 Budget, Finance Minister Jim Flaherty repeatedly promised tax relief was on its way.

But he didn't deliver. With the exception of last summer's one-point GST cut, the Tories have provided no broad-based tax relief. Rather than return surpluses to taxpayers they have chosen to spend them. Since coming to office only 14 months ago, the Conservative government has increased the size of the federal government by 14%. I'll go out on a limb and make a prediction – one year from now spending will be higher still.

The irony of all this is that to listen to Minister Flaherty taxpayers would think Canada has entered a new era of fiscal prudence. "Gone are the days of Liberal spending sprees," crows the minister again and again. If only it were true.

The Tories increased spending $13.8-billion in their first year in office. That is the second highest increase in spending since the books were balanced 10 years ago.

Your CTF has challenged this government repeatedly and blown the whistle on their record as we would any other government. But unlike past governments, this "new" Conservative government won't hear a word to the contrary.

Since opening our Ottawa office in 1997 your CTF has met with every finance minister that ever delivered a federal budget with the exception of one. Minister Flaherty and his office are so irritated by your CTF's criticisms, they have flatly refused to meet with us and receive our recommendations.

For those that will listen – federal director John Williamson and I met with several MPs and senior staffers in February — the refrain is usually two-fold. Things will change under a majority government. And second, what do you expect in a minority parliament?

What taxpayers expect is for the government to differentiate themselves — as they said they would during the election — from their predecessors. Would the government have collapsed if they had increased spending 5% or even 6% instead of 8% last year? Would the government have collapsed if they offered broad-based income tax relief as the minority Liberals did before the last election? Would the government have collapsed if they had not reinstated funding to special interest groups, like the Status of Woman?

As for the "majority" refrain. Give us a break. The only mandate a big spending Conservative government will have is to continue business as usual. Not what many taxpayers were hoping for.■

> "Would the government have collapsed if they had increased spending 5% or even 6% instead of 8% last year?"

The Canadian Taxpayers Federation is a federally incorporated non-profit and non-partisan organization dedicated to lower taxes, less waste and accountable government. Founded in 1990, the Federation is independent of all partisan or institutional affiliations and is entirely funded by free-will, non-tax receiptable contributions. Printed in Canada.

CANADIAN Taxpayers FEDERATION
Fighting for taxpayers

March-April 2007

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In this issue

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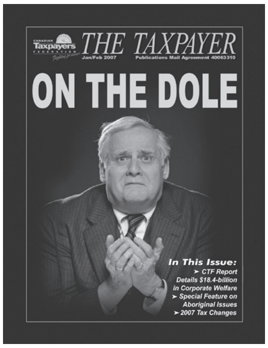
Letters-to-the-editor



As a taxpaying Canadian citizen, who all my life voted Conservative, I am disgusted and appalled to learn that the Conservative government will be doling out $350-million to Bombardier.

Every time Bombardier appears at the government trough with a lament that it cannot compete, it is rewarded with millions of taxpayers' funds.

Where are those Conservatives who disparaged corporate handouts? If corporations such as Bombardier, cannot "cut it" in the global competitive economy, let it declare bankruptcy. Don't prolong its pain and ultimate end by subsidizing it with our hard earned tax dollars.

John Zemiar
Thornhill, Ontario

Corporate welfare in Ottawa and by the Charest Liberals in Quebec (handing money and tax concessions to Alcan) border on criminal contempt of public finances.

I blasted my MP. What can we do next, go to the auditor general? Corporate welfare is scandalous corruption and worse than vote buying.

Stuart Hechinger
Montreal, Quebec

Please extend my thanks to the writers of the CTF's report "On The Dole". They did a wonderful job with stats that were easy to read and comprehend.

I coined an expression back in 1974 dubbing corporate welfare the "umbilical cord of dependence" and for many years have advocated that it be severed. There hasn't even been so much as a dent put into it, and based on the figures and conclusions of your report I fear this federal Conservative government will continue in the footsteps of previous Liberal regimes. Canadians appear willing to pay for this gargantuan waste unflinchingly.

Al Romanchuk
Edmonton, Alberta

A "Taste of Home"

ED: The following comes in response to a letter-to the editor in the January/February 2007 issue, citing news reports that Tim Hortons received $4-million start-up for its franchise in Kandahar. An additional $5-million per year will be spent to maintain the franchise.

Tim Hortons is both proud and honoured to serve fresh coffee, drinks and baked goods to Canadian troops stationed in Afghanistan. Responding to numerous soldiers' requests, Tim Hortons was approached by the Canadian Forces Personnel Support Agency (CFPSA) to deliver a "taste of home".

We have supported our soldiers for many years now, with coffee donations to our forces in Kuwait, and an annual coffee donation through Operation Santa Claus for troops stationed overseas.

The CFPSA is the franchisee of this location and Tim Hortons has waived all franchise fees and operating costs with the understanding that all profits realized from this location go into morale and welfare programs in support of our Canadian soldiers. Essentially no profits are realized for Tim Hortons.

Rachel M. Douglas
Director, Public Affairs
Tim Hortons
Toronto, Ontario

Working our way across Canada

I am writing in full support of the CTF and its contribution to lowering and reforming taxes in this country. Keep up the great work! I am however wondering why there is no CTF representation east of Ontario and particularly in the Maritimes?

Darrell Bainbridge
Saint John, NB

ED: Thanks Darrell, we announced earlier this year a working partnership with the Montreal-based Quebec Taxpayers League and continue to build contacts and presence in Atlantic Canada. The CTF is a donation-based organization and can't set up an office without a donation base to support it. Please encourage family and friends to join the CTF online at www.taxpayer.com. We will get there eventually!

Letters-to-the-editor

Letters may be edited for length, content and clarity.
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Waste Watch

In the trough

When CTF Alberta Director Scott Hennig poured through the 1,280 page Alberta Blue Book listing grants and expenditures of the Alberta government, he burst out laughing.

Listed in the grants section under the Department of Agriculture Food and Rural Development was a $14,082 grant to the Friends of Miniature Donkeys Club. The money went to help hold the National Miniature Donkey Show.

Of course (pardon the pun), the Blue Book also details a predictable litany of handouts to golf courses:

- The Connaught Golf Club received $250,000;
- Lac La Biche Golf & Country Club $100,000;
- Lacombe Golf & Country Club $14,181;
- Alberta Golf Association $10,000; and
- Mighty Peace Golf & Country Club $5,544.

Numerous aboriginal groups also had their pockets filled including the Athabasca Tribal Council $712,151, Aboriginal Friendship Centre of Calgary $53,000 and the Aboriginal Council of Lethbridge $44,453.

Well-heeled professional associations in the Blue Book included:

- Alberta Association of Architects $42,000;
- Alberta Association of Optometrists $100,000;
- Alberta Pharmacists' Association $10,000;
- Alberta Government Civil Lawyers Association $5,000; and
- Alberta Dental Association & College $27,500.

Of course, no grants list is complete without arts and cultural funding galore including:

- The Malaysian Singaporean Brunelian Community Association received $25,000;
- Alberta Ballet Company $65,000;
- Magnificent River Rats Festival Society $9,250;
- Alberta Chess Association $6,500;
- Association Canadienne Francais de L'Alberta $157,399;
- Calgary Opera Association $90,000;
- The Calgary International Film Festival Society $45,000; and
- The Calgary Fireworks Festival Society $75,000.

Some of the more interesting handouts included the Alberta Chamber of Commerce which grabbed $40,750, the Canadian Fuel Tax Council snatched up $16,500, and, interestingly the Washington DC-based Smithsonian Institute $241,420. The United Nations Association in Canada took a number and received $20,000.

with files from the Alberta Government General Revenue Fund "Blue Book," 2005-06 / *Edmonton Sun*

Richmond fire department adds new gear

What's in a name?

Remember the preliminary report released in February by the United Nations' Intergovernmental Panel on Climate Change? Essentially, it predicted the end of the known world unless immediate action was taken to stop global warming.

The final report — scheduled for re-

lease in a few months — is said to contain the names of 2,000 of the world's leading scientists who have signed on with the UN's conclusions.

Actually, it would have been 2,001, except for a small legal problem. You see, the UN report included Professor Paul Reiter of the Pasteur Institute in Paris. Reiter is a world-renowned expert on malaria and part of the report states man-induced global warming will increase the range of malaria-spreading mosquitoes. So, of course, the UN ordered Reiter's name be included.

The only problem is that Reiter doesn't believe humans are the cause of global warning. Like a growing number of scientists, he says the evidence suggests the sun is a more reasonable source of the problem.

When Reiter asked for his name to be removed, the UN only relented after Reiter threatened legal action.

Reiter labelled the report a "sham" stating there are people on the list who do not agree with the conclusions but are still on it.

He said in a interview with the *Daily Mail*, "That is how they make it seem that all the top scientists are agreed. It's not true."

with files from the *www.dailymail.com*

Bachelor Tax

Throughout history taxes have been used to mold public behaviour. One of the more interesting was the bachelor tax. Believe it or not, a tax was put on bachelors to encourage them to marry.

Italian dictator Mussolini put a tax on bachelors in 1927 and when it failed to deliver adequate results, he increased it by 50% in 1934.

The state of Missouri imposed a $1 per year tax on unmarried men in 1820. The tax was only put on bachelors aged between 21 and 50 years.

There were even lobby groups pushing for this tax. Single women in Wakefield, Massachusetts petitioned the state government in 1907 to levy a tax on bachelors.

Though these taxes seem to be relics of the past, last fall, Russian President Vladmir Putin was asked if he would reinstitute their country's bachelor tax. Due to the country's declining population, rumours were swirling that the tax — previously in place under Communism — was about to be revived. Putin said no.

With files from the *Globe and Mail*

The cable tax

Most Canadians are unaware that when they pay their cable bill, they are paying a hidden cultural tax of 5% in addition to the GST and PST on top of it.

The tax is not put directly on consumer bills, but is applied to cable company revenues. Since subscribers are their source of income, guess who ends up paying this hidden tax?

The money pours into a fund called the Canadian Television Fund. The fund was created in 1996 by the federal Liberals. The purpose is to provide financial assistance to Canadian television production. It is governed by the CRTC which requires cable providers

Malaria expert says no to UN con job

contribute to the fund as part of their license to operate in Canada.

The fund has an annual budget of $250 million with $150 million coming from cable users and another $100 million from federal taxpayers.

In truth, the fund has turned into another major source of revenues for the CBC and a select group of independent producers. The CBC receives 37% of the fund's revenues each year, allowing the crown agency to top up its production budget.

Private producers have used the money to produce shows such as *Trailer Park Boys* whose weekly viewership is a mere 80,000. But that didn't stop the fund handing over $2.8 million last year.

The various shows put out under the CSI banner each draw 3 million viewers an episode.

The CBC received $2.5 million last year to produce "Little Mosque on the Prairie." Its viewership numbers have declined since its inaugural show and now sit at just over 900,000 viewers.

This hidden tax has outraged cable TV providers across Canada who recently said they would withhold payments into the fund without significant changes. Cable companies complain they have cutback their production facilities and local production because of the tax.

Cable subscribers, meanwhile, wonder why they are compelled to pay for programming they may not care to watch.

With files from the *National Post* / *Globe and Mail*

Based on a true story?

Silvio Pollio recently produced a film entitled *How it All Went Down*. The story line involves a filmmaker who turns to crime in order to finance his movie productions.

Well, Pollio could have added "based on a true story" to the title. Canada Revenue Agency recently investigated some of Pollio's GST refunds issued between January 1997 and November 2001 and discovered he had overstated his Input Tax Credits thereby receiving $100,000 in fraudulent returns.

Pollio pleaded guilty and was given a 22-month conditional sentence along with 50 hours of community service.

With files from the *National Post*

Or did we already know that?

In March 2006, some federal bureaucrats flushed $65,000 down the toilet. Health Canada was doing a report on "the impact and recall of vanity URLs." URL, which is the abbreviation for Universal Resource Locator, represents the address of a website. The report was trying to find out if it was better to use URLs that reflect the name of the organization, such as www.gosmokefree.ca or use a more innocuous government URL.

As part of this study, the group commissioned The Strategic Counsel (SC) — a Toronto polling firm — to find out if people use Google, Yahoo, Lycos and Alta Vista to find websites. SC did the poll and sent back the answer – "Yes they do" — along with a bill for $65,000.

Note: a simple search with Google would have turned up dozens of similar reports at no charge.

With this $65,000 answer, the Health Department's report said people found it easier to remember vanity URLs over a government URL. In fact, most couldn't guess what the URL was for the federal government. However,

Government's bachelor tax

vanity URLs posed their own set of problems, including potential for typos and alternative spelling.

Nevertheless, the report concluded that none of this mattered much as people routinely use search engines to find websites of interest.

With files from the *National Post*

Dysfunctional fire department

The city of Richmond, B.C.'s fire department is described by some as "dysfunctional." Thankfully, fire fighters still manage to put out fires despite incessant meddling by management.

Last fall, the department forced its 191 fire fighters to wear boxer shorts. As part of this new policy, the city spent $16,000 to buy six pairs of boxer shorts for each of its firemen and women. They were Stanfields and apparently cost $13.96 each.

So why would management make such a decision? Well, the department has two female firefighters on its force and it seems the department wants them all wearing the same uniform, down to their underwear. In an effort to explain this questionable spending, Ted Townsend — the city of Richmond's communications director — said, "This is something the department has done as part of its integration of the sexes in the workplace."

As part of this integration, the department will also spend $453,154 to provide separate change rooms and bathrooms for the two women.

With files from the *National Post*

Auditor shines light on Coast Guard incompetence

In her report released this past February, Canada's Auditor General Sheila Fraser said management incompetence at the Coast Guard (CG) is costing taxpayers millions of dollars. It is also hindering the CG from fulfilling one of its major obligations.

Fraser stated the Coast Guard is failing to correct shortfalls her department previously reported — some going back nearly 25 years. One of the major concerns was the CG did not have proper procedures and standards in place for repairs of its aging fleet. Fraser cited a number of examples:

In one instance, when an engine caught fire at sea, the crew did emergency repairs. However, because they didn't have a manual for the engine, they were forced to make ad hoc repairs. This resulted in damage to the engine, which cost the CG $1.3 million. There was no mention of how much money the CG saved by not supplying an engine manual.

In a similar situation, $53,000 in repairs on two portable water tanks cost $1.6 million to fix the fix.

In another instance, when an engine was not properly bolted down, taxpayers paid another $1.6 million to repair it.

Because of constant breakdowns, repairs and failure to include provisions to upgrade its aging fleet, the CG's hours at sea is steadily declining. For example, the Coast Guard has not fully monitored fish stocks since 2001 — which is supposed to be one of its major responsibilities. As a result, Fisheries and Oceans — which overseas the CG and counts on this information for setting fishing policy — has been forced to fly blind on this information vital to the fishing industry.

With files from *CTV.ca* / *National Post*

Teeing up with tax dollars in Alberta

The 2007 Teddies

Honouring the best of the worst in government spending and high taxes

On February 20th, the Canadian Taxpayers Federation (CTF) held its ninth annual Teddies Waste Awards — a mock Oscar's ceremony — to honour the best of the worst in government spending and high taxes at a black tie news conference on Parliament Hill. CTF Manitoba director, Adrienne Batra, acted as master of ceremonies.

Created in 1999, the Teddies are named after Ted Weatherill, a former senior public servant who was terminated in 1998 for "expenses incurred by him ... incompatible with his position as Chairman of the Canada Labour Relations Board." Ted's most famous expense was a $733.43 lunch for two in Paris.

Each year a golden sow is awarded federally, provincially, municipally and for lifetime achievement to any bureaucrat, politician, government or government agency that demonstrates a unique ability to waste taxpayers' money.

Sadly, 2006 was yet another blockbuster year for government waste. Politicians and public officials must realize that hardworking Canadians will not tolerate those who use tax dollars to live the high life. The Teddies are an appropriate way to recognize those who abuse the public purse.

And now on to this year's nominees and winners!

Manitoba director Adrienne Batra hosts the 2006 Teddy Awards

Federal Nominees:

The Departed MP

Nominated for "Best Disappearing Act"

The movie is set to be filmed in Scarborough, Ontario, a riding where the film's star, Jim Karygiannis, has been a Member of Parliament since 1988. Like many that let fame and fortune go to their head, showing up to work has never really been his thing.

He routinely skips votes, hardly ever makes statements in the Commons and has little time for the normal day-to-day duties one would expect from a Member of Parliament. In short, Mr. Karygiannis is the taxpayers' worst nightmare. His no-shows would make even Lindsay Lohan – Hollywood's current *truant-du jour* – blush. In the 39th session of his latest Parliamentary film, Mr. Karygiannis showed up for zero of 32 votes.

Where was he? He was busy working on another project – a little independent project called "The Liberal leadership campaign of Joe Volpe." Perhaps Mr. Karygiannis was hoping to "win" a coveted Teddy as Mr. Volpe did in '06.

Yes, taxpayers were paying Mr. Karygiannis a cool $147,700 to be in Parliament; yet he was busy with partisan politics.

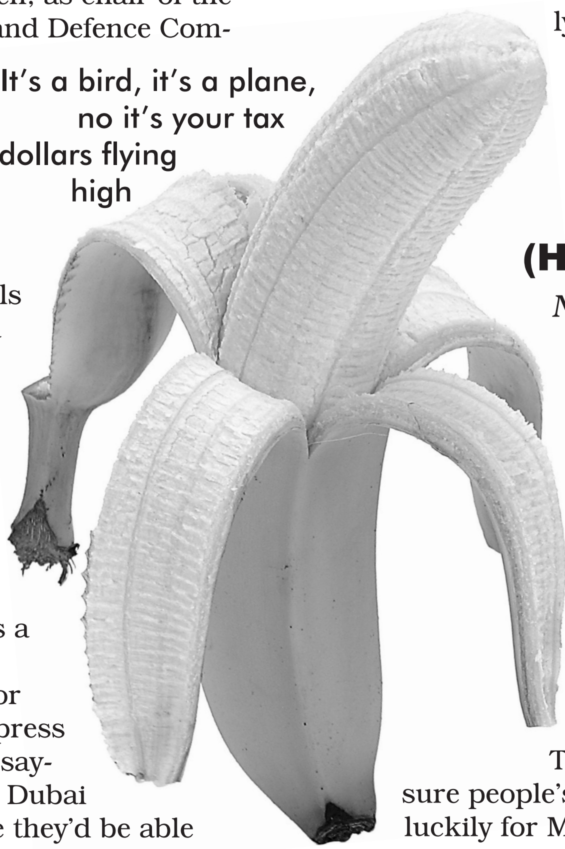
Letters & Bills from Dubai

Nominated for "Best Comedic Performance by an Unelected Official"

At the film's premiere in October, 2006, Colin Kenny is overheard remarking that office budgets for senators should be increased from $135,000 to $200,000. "I'd like us to move up to match the House of Commons," the unelected senator told the world.

The good senator really incurs the wrath of taxpayers and critics when, as chair of the senate's National Security and Defence Committee, he and a supporting cast head off on a $150,000 magical mystery tour that they claim will eventually arrive in Afghanistan. Documents clearly show that military officials told them in advance that a trip to Afghanistan was not an option. Undeterred, the good senator leads the crew onwards where they stay in a luxurious hotel in Dubai for seven days even though only one three-hour meeting is scheduled. The hotel bill is a cool $30,000.

When questioned, Senator Kenny immediately calls a press conference and lashes out, saying the delegation stayed in Dubai because there was a chance they'd be able to travel to Afghanistan. With earlier scenes already confirming that this was never an option, Senator Kenny brings the house down when he maintains everything was above board since the committee worked on a "report" while in Dubai and alleges a PMO conspiracy against the entire Senate. The film ends with critics and voters alike agreeing it is time to clip Senator Kenny's wings.



A-SPEND-alypto

Nominated for "Best Taxpayer Horror"

As taxpayers wonder if Ottawa will be successful in trimming the Department of Public Works' $13-billion annual procurement budget, the saga takes a turn when Prime Minister Stephen Harper appoints Michael Fortier to the Senate and as Minister of Public Works – all in the same scene!

After the election, Ottawa moved to reduce the amount of money it spends on goods and services. Tasked by the New Conservative™ government, Public Works awards a $1.75-million contract to discover ways to cut costs. Fast-forward nine months and suddenly the "cut costs contract" has increased in value to $24-million.

Curse of the Golden Banana (Heritage Canada)

Nominated for "Feature and Visual Effects"

Artist Cesar Saez has a dream. He dreams of a 1,000 foot-long banana flying over the great state of Texas. Saez plans to make a banana-shaped, helium-filled, synthetic-paper airship that will fly 20 to 30 kilometres above the Lone Star state for one month.

This story is about making sure people's dreams come true and luckily for Mr. Cesar, the Canada Council for the Arts shares this dream. They wanted so much to ensure this movie got made that they kicked in $49,800 of taxpayers' money for the project. The Quebec government's Council for Arts and Letters threw in another $15,000. With governments firmly behind this Big Banana in Space Project, the film is sure to be a success. Taxpayers and officials from NASA are curious to know if the se-

quel will feature the banana being peeled by the Canada space arm? Stay tuned!

Pirates of the Marine Atlantic: The Hungry Man's Meal

Nominated for "Best Plundering of the Public Purse"

In the opening scene, Marine Atlantic President Roger Flood declares that reports of excessive executive spending at the federal Crown corporation are complete balderdash. In what some are calling this year's undisputed "Teddy moment," Mr. Flood cries, "It is deliberately taken out of context."

The scene in question reveals that Marine Atlantic executives expensed a dinner in December, 2003, at the Hungry Fishermen restaurant in St. John's, Nfld. The cast was hungry indeed. The bill totalled $1,038.76, but the plundering had only begun. The pirate crew pillages $1,313.71 at the Casbah restaurant in St. John's, $1,237 at Java Jack's in Rocky Harbour and another $666.33 at *Da Maruizio* in Halifax.

The closing credits reveal three Marine Atlantic executives and their chairman bill $18,857.81 to attend a convention in Greece to do some "research" on new ferries. The Marine Atlantic executive sticks to his script and calls the story "inaccurate." Critics aren't impressed. Taxpayers demand the pirates get off their tax dollar diet and try packing a lunch.■

Federal Award Winner:

And the federal Teddy goes to Senator Colin Kenny, once again showing that the last institution to get the memo regarding Canadians' demands for accountability from lawmakers is the Canadian Senate. Rest assured Senator Kenny, the days of unaccountable officials thinking they can fleece Canadian taxpayers with impunity because they'll never have to face the electorate will soon be over.

Provincial Nominees:

Bon Horse, Bad SONACC

Nominated for "Achievement in Living High on the Horse's Hog"

In this business, when the provincial auditor is the one revealing the saga, you can be sure it's going to be a smash hit. The case of the Quebec government's *Societe nationale du cheval de course* (SONACC) is no exception. The story begins with SONACC's founding in 1999 to help promote and develop Quebec's horseracing industry. As the film progresses, it quickly becomes a taxpayers' nightmare: the narrator explains that between 1999 and 2005, SONACC was handed $260-million.

Midway through the film, things turn downright ugly as officials with SONACC take rule-breaking and living 'high on the horse' to a whole new level. The auditor explains that officers received 20 to 30 percent annual raises while doing the same job. Bonuses of $10,000 to $30,000 were paid out without any performance evaluation or measurement criteria given.

One officer whose salary was almost six fig-

ures receives an $82,500 severance, only to be rehired as a consultant. Over the next two years, he collects $350,000 to perform work related to his former duties. Other shocks include $17,000 to $22,000 on automobile allowances, spending $300,000 in "unjustified" expense claims, and almost $400,000 in reimbursements for expenses without explanation.

By movie's end, millions have galloped out the door, leaving taxpayers feeling as though they'd just been kicked, and moviegoers wondering why pigs are in charge of horses.

A whole new meaning to 'in the trough'

Little Miss-appropriation of Funds

Nominated for "Best Achievement in Public Money Mis-Direction"

This is one of those dark movies where the bulk of the actors are bad guys and it becomes even more chilling to learn it is based on a true story. The story is brought to life by the movie's protagonist Newfoundland & Labrador Auditor General John Noseworthy. The film stars politicians from all three political parties and opens with a scene revealing a spending scandal that begins in April 1997 and continues until filming is finally completed in 2006.

In his narration, the auditor details how $1.6-million in excessive expense claims were filed by five provincial politicians, including three former cabinet ministers. The narrator states in one scene that "the vast majority of these expenditures went directly, via cheque and that sort of thing, to (their) bank accounts."

In addition to overspending office budgets, later scenes reveal $2.7-million was misappropriated by the same cast to buy a variety of trinkets – no doubt for adoring fans – which include gold rings, fridge magnets, pins and key chains. Outraged moviegoers demand a refund and hope the sequel keeps better track of all legislators' receipts.

The Last Pork of Saskatchewan

Nominated for "Achievement in Editing and Mixing"

While critics and buffs alike are used to hearing stories of "political pork," taxpayers are particularly unimpressed with new editing and spin techniques being used by the Government of Saskatchewan. The film begins with the government announcing a $1.5-million subsidy, in addition to an already outstanding $2-mllion loan to the bankrupt World Wide Pork in Moose Jaw. The tale quickly turns dark when, despite the handout and loan, workers are axed and bills to suppliers remain unpaid.

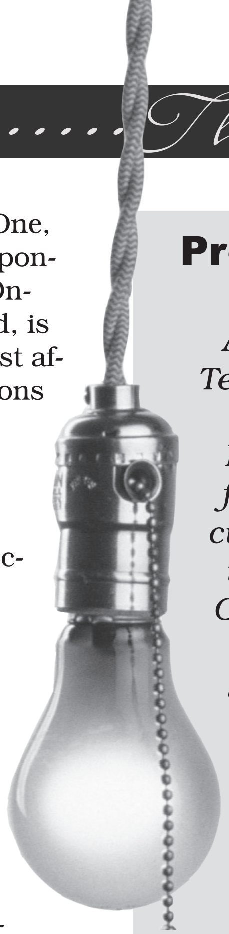
The government's solution? Why yet another $1.5-million tax dollars! Moviegoers should be aware that this is not a good flick to see if you like happy endings because as the film winds down — six months after the latest taxpayer-funded handout — the company permanently closes its doors, leaving many workers with no job and taxpayers on the hook for millions more.

Rating: Not suitable for vegetarians or those who hate to see their money go down the drain.

The CEO Wears Prada

Nominated for "Best Display of the Culture of Entitlement"

Like all good political thrillers, this one begins with the resignation of a high-ranking government official. In this case, Tom Parkin-



son, CEO of Hydro One, the public utility responsible for managing Ontario's electricity grid, is forced to quit his post after damning revelations come to light.

Moviegoers learn the CEO billed $45,000 in personal expenses to his secretary's credit card, having himself approve the expenditures. You could hear a pin drop in the theatre when it is also revealed that the same big wig is the highest paid public employee in the entire province, drawing an annual salary of $1.5-million. If only it stopped there. Later scenes have the CEO using Hydro One's helicopter to visit his private cottage in the Muskokas.

With Parkinson's resignation, taxpayers thought they'd finally gotten justice; but that was just the beginning. Hydro One's board implies they see nothing wrong with the behaviour of their lead actor, only accepting his resignation with "deep regret." But the shocking twist comes in the last scene when Hydro One writes a $3-million severance cheque for the CEO who voluntarily resigned. Moviegoers, no doubt, leave the theatre scratching their heads, wondering if the same rules would apply to them at work.■

Provincial Award Winner:

And the provincial Teddy goes to the politically-appointed Board of Hydro One for showing that the culture of entitlement is alive and well in Ontario. This Teddy is for Hydro One's board to share as it shows that a good team always sticks together through thick and thin, even when taxpayers get the shaft.

Municipal Nominees:

Yo-Yorat: Cultural Gifts for America to Make Benefit Glorious City of Edmonton

Nominated for "Best Dim-witted International Idea"

This movie's opening scene should have been shot at a prestigious business school because whoever came up with this idea is truly gifted. If taxpaying moviegoers in Edmonton wonder why ticket prices on their property go up year after year, look no further than this film's opening scene. In it, ratepayers learn that the city of Edmonton spent $30,000 to hire 30 actors from Washington, D.C, to hand out yo-yos in the U.S. capital on Canada Day.

Edmonton officials were scripted in the film saying it was a "fun way" to promote the city and a way of connecting with the ordinary Joe. One critic called the film "absolutely ridiculous," but the Academy of Taxers and Spenders likes to set trends and always looks for the diamond in the rough.

According to sources, Canadians must wait for the director's cut to see if anyone in Washington clutching their yo-yo said, "Dad, can we go to Edmonton next year?"

Dream Jobs

Nominated for "Achievement in Looking Busy and Beating the Stress"

What makes this film so good is the simplicity of its plot. The main actors in this movie are city of Montreal roadwork crews and the plot unfolds as follows: The workers drive around. Shovel a little gravel. Stop for a poutine. Repeat. Occasionally, they sub in the odd smoked meat sandwich instead of poutine, but by and large the script stays the same. In the end, three work crews, all paid about $22 an hour, spend 90 man-hours fixing 9 potholes.

The movie's end makes clear a sequel is in the works as the city of Montreal announces

plans to "track" its workers using GPS devices. Will electric shocks be administered to workers who are eating poutine when they should be filling potholes? Fans will have to wait for Dream Jobs Part II.

The Pursuit of Taxing-us

Nominated for "Best Big City Villain"

It is rare that a film captures both the genres of comedy and horror in one feature. But taxpayers have come to expect such motion picture ingenuity from the city of Toronto – arguably the most fiscally incompetent city in Canada. Critics and movie buffs should have seen what was coming when trailers for the movie showed a beaming Mayor David Miller in response to news the feds were cutting the GST.

When the film finally arrives in theatres the opening credits reveal that Toronto is not going to pass along the savings from the one-point reduction in the GST to citizens. After all, it is a costly administrative headache to change billing systems, websites and publications to reflect new — and lower — fees. So why bother? Critics wonder whether the city would also find it too costly if prices and taxes were raised. But the mayor — oddly — never addresses this.

However, plot twists are what separate the great films from the good ones. Mayor Miller quickly reverses himself upon learning that to not pass along a tax reduction runs contrary to the federal Excise Tax Act. If he doesn't pass it along to consumers, he'll have to pass it along to Ottawa and what's the point in that? Warning to viewers of this film in Toronto: watch your wallet.

An Inconvenient Prize

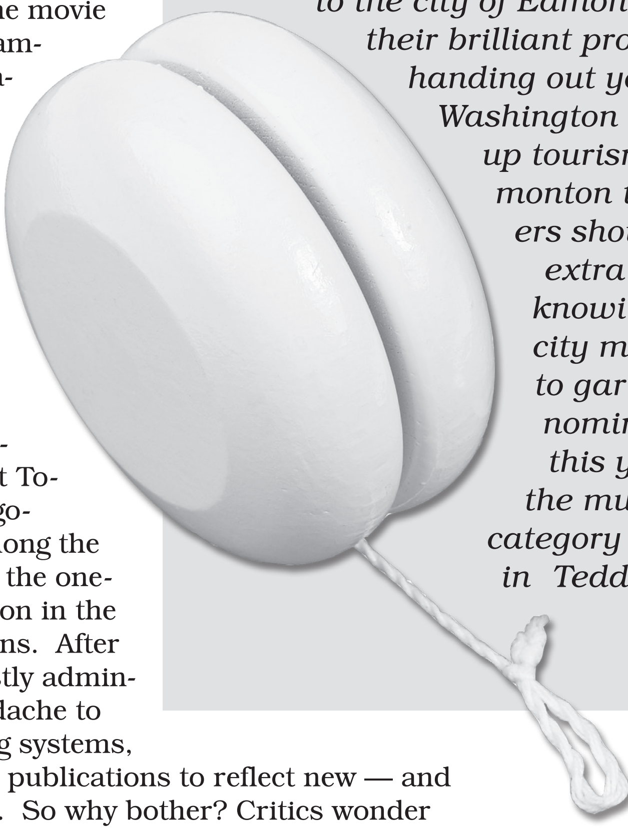
Nominated for "Accomplishment in Civic Embarrassment"

Have you ever thrown a party and nobody showed up? That's how the city of Edmonton is portrayed in yet another half-baked tourist promotion film. The city's promotions department is featured prominently in the early scenes as a $50,000 budget for three all-expenses-paid vacations are offered to lucky randomly selected Canadians. But this is where the plot takes an unintended comedic twist. It turns out that city staff offer trips to 25 people before they can find three willing to accept the prize!

In one memorable scene, a woman from British Columbia explicitly states she doesn't want to come to Edmonton! The promotions department remains convinced that this is a good idea and that contest winners will ensure Edmonton becomes the talk of their communities upon their return — which will in turn cause tourism to skyrocket. Taxpaying critics are sceptical and hope no sequel is planned.■

Municipal Award Winner:

And the municipal Teddy goes to the city of Edmonton for their brilliant production handing out yo-yos in Washington to drum up tourism. Edmonton taxpayers should feel extra proud knowing their city managed to garner two nominations this year in the municipal category – a first in Teddies history.



Lifetime Achievement:

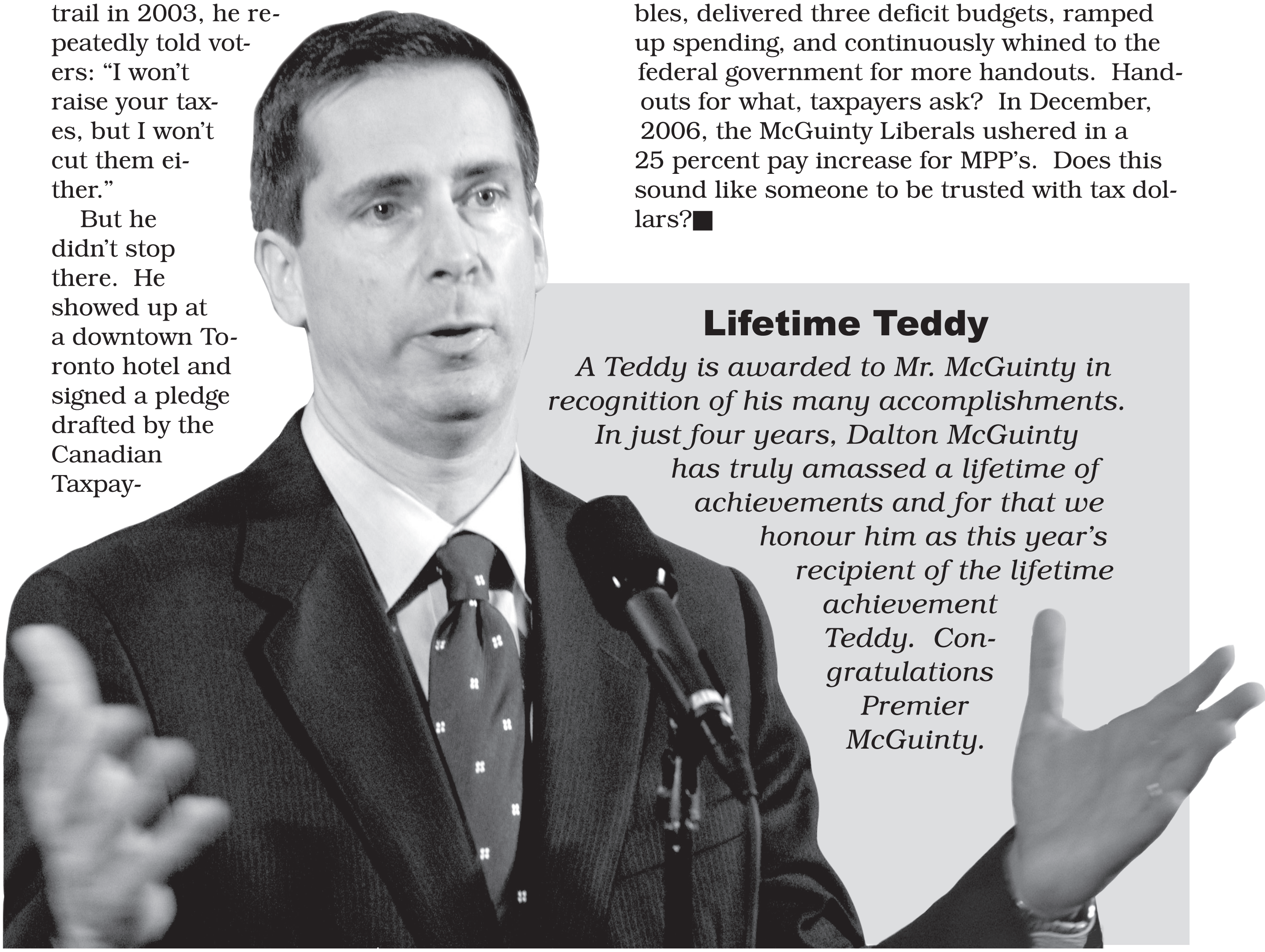
All the great ones own a memorable line that confirms iconic status. These lines usually become ingrained in peoples' minds and can instantly be associated with the actor and film. There are numerous examples. Clark Gable had his "Frankly, my dear, I don't give a damn," in *Gone with the Wind*. July Garland said, "Toto, I've got a feeling we're not in Kansas anymore," in *The Wizard of Oz*.

Which bring us to our latest inductee in the Teddies lifetime achievement category — Ontario Premier Dalton McGuinty. Mr. McGuinty made two significant statements that ensure he will be long remembered by taxpayers. First, as Liberal Opposition leader on the election trail in 2003, he repeatedly told voters: "I won't raise your taxes, but I won't cut them either."

But he didn't stop there. He showed up at a downtown Toronto hotel and signed a pledge drafted by the Canadian Taxpayers Federation that committed a Liberal government to abide by the Taxpayer Protection and Balanced Budget Act. Above his signature, read: "I, Dalton McGuinty, promise that if my party is elected as the next government, I will not raise taxes or implement any new taxes without the explicit consent of Ontario voters."

The Liberals won that election and Dalton McGuinty became Premier of Ontario. Yet, six months later, he broke that promise, ushering in the largest tax hike in Ontario's history in the form of a so-called "health premium." Voters called it a tax and the Big Lie.

Since then, Premier McGuinty has continuously blamed his predecessors for all his troubles, delivered three deficit budgets, ramped up spending, and continuously whined to the federal government for more handouts. Handouts for what, taxpayers ask? In December, 2006, the McGuinty Liberals ushered in a 25 percent pay increase for MPP's. Does this sound like someone to be trusted with tax dollars?■



Lifetime Teddy

A Teddy is awarded to Mr. McGuinty in recognition of his many accomplishments. In just four years, Dalton McGuinty has truly amassed a lifetime of achievements and for that we honour him as this year's recipient of the lifetime achievement Teddy. Congratulations Premier McGuinty.

Supreme Court Decision

Taxpayers cheer

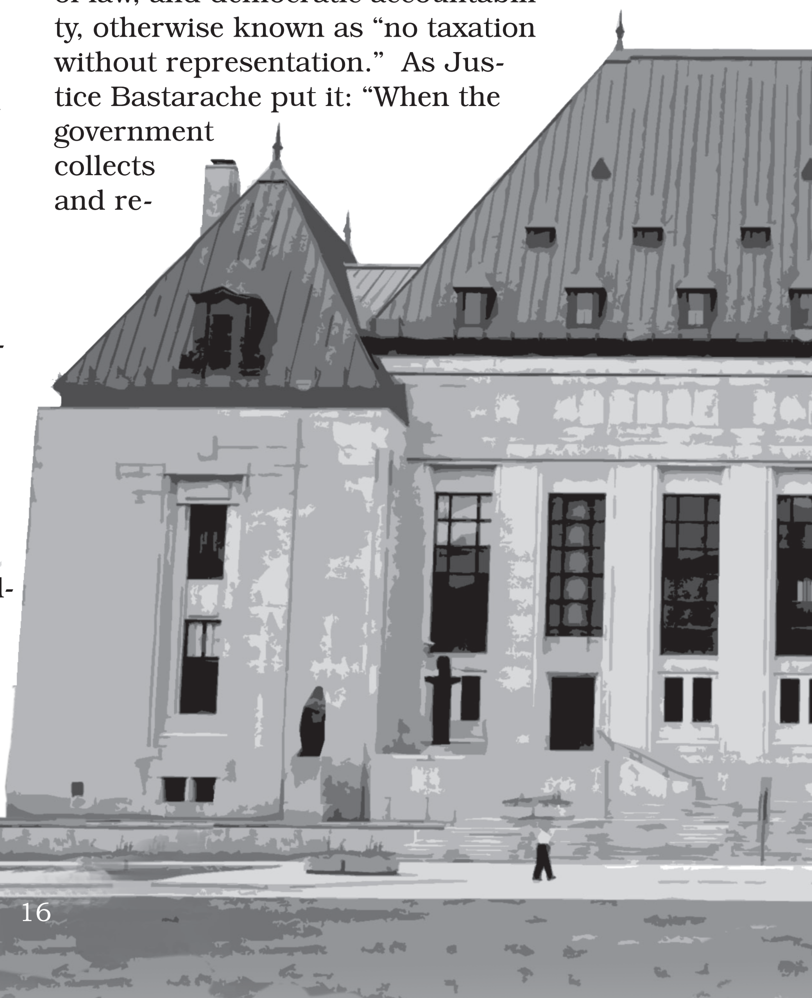
by John Carpay
as originally appeared January 17th in the *Financial Post*

Canada's provinces will have to take a hard look at their user fees and service charges in light of [the] Supreme Court of Canada's decision in *Kingstreet Investments v. New Brunswick*. Handing a significant victory to taxpayers, the Court ordered the New Brunswick government to repay over one million dollars to the owners of bars and pubs, which they had paid under the guise of an 11% "user charge" on alcoholic beverages.

People earning a living in the hospitality and entertainment industries successfully challenged the 11% "user charge" as illegal because it is an indirect tax, in violation of the Constitution Act, 1867. Under Canada's Constitution, only the federal government may impose an indirect tax, such as an import duty, paid by one person (e.g., a bar owner) in the expectation that it will be repaid by another (e.g., a bar patron). Provinces may not do so. The 11% "user charge" was an indirect tax because New Brunswick derived more revenue from the charge than what it needed to run its liquor licensing system.

Before the Supreme Court of Canada, the governments of B.C., Alberta and Manitoba intervened in support of New Brunswick to argue that governments should not have to repay taxes collected in violation of Canada's constitution. Claiming that every tax dollar is spent on publicly beneficial purposes and advancing the common good, the governments argued that having to repay illegal taxes would inflict financial shock and fiscal chaos, and force them to reduce services or to raise taxes. This assumes, of course, that there is no waste, mismanagement or inefficiency in the public sector, not to mention misplaced priorities.

Rejecting the governments' arguments, the Court ruled that illegally collected taxes must be returned to taxpayers. Writing for a unanimous Court, Justice Michel Bastarache accepted the argument put forward by the Canadian Constitution Foundation, that governments must be held accountable in order to honour the constitutional principles of federalism, representative democracy, the rule of law, and democratic accountability, otherwise known as "no taxation without representation." As Justice Bastarache put it: "When the government collects and re-



tains taxes pursuant to *ultra vires* legislation, it undermines the rule of law."

The Court also rejected the "passing on" defence: the governments' argument that illegal taxes need not be repaid because they were merely "passed on" to others. The Court ruled that the "passing on" defence is economically misconceived: its logic is akin to saying that "no damages are ever recoverable in commercial litigation because anyone who claimed to have suffered damages but was still solvent had obviously found a way to pass the loss on." Further, this defence is unworkable because it is impossible to prove how much of a loss has – or has not – been "passed on" to third parties.

Practically speaking, the Court's Kingstreet ruling means that provincial user fees and service charges must not generate additional revenue for the government. Revenues which provincial governments derive from building permits, fishing licenses, tribunal filing charges, and inspection fees must approximate the cost of providing the service. If a province collects ten million dollars per year from a service fee, but spends only five million to provide the service, the fee is an illegal tax which can be challenged in court. This decision applies to the federal government as well, if it collects taxes in a manner which does not conform to the constitution.

It will not always be clear whether a particular charge or fee is valid or is an illegal tax. But what the Kingstreet ruling makes very clear is that a court will not merely order the government to stop charging the illegal tax; a court will also order the government to repay the money. This result is good for taxpayers because it provides more transparency in user fees and services charges, as provincial governments can no longer use them as a means of hidden taxation.

"Court's Kingstreet ruling means that provincial user fees and service charges must not generate additional revenue for the government. Revenues which provincial governments derive from building permits, fishing licenses, tribunal filing charges, and inspection fees must approximate the cost of providing the service."

Knowing that courts will compel governments to repay illegally collected taxes, taxpayers now have a new tool at their disposal to impose accountability on governments. Governments, both federal and provincial, have now lost their incentive to prolong litigation once it becomes clear that a particular fee, charge or tax violates the constitution. The Kingstreet decision highlights the importance of litigation to restrain ever-greedy and typically rapacious governments from doing whatever they please to feed their never-ending appetite for more money.

Former CTF director John Carpay is Executive Director of the Canadian Constitution Foundation, which intervened before the Supreme Court of Canada in Kingstreet Investments v. New Brunswick. They can be found at: www.canadianconstitutionfoundation.ca

Refugees in Canada

In the September/October 2005 issue of *The Taxpayer*, your CTF ran a feature in this space that dealt with the question, 'Does a refugee collect more in benefits and allowances than a pensioner, and if so, what is the reasoning behind it?'

Your CTF continues to receive e-mails and inquiries about this question. This truly is an urban legend that won't die. For this reason we have decided to re-run the answer to this question in the hope this rumour is exposed for its errors of fact. All readers are encouraged to help dispel this myth by passing on the real details which are below.

by Adam Taylor

Like reports of children finding razor blades in their apples on Halloween, or Sasquatch sightings in Manitoba, chalk this one up to urban legend. An examination of this question reveals that misinterpretation of facts has propagated a tall tale.

The fiction begins with a story published by the *Toronto Star* in March 2004 about plans to encourage immigrants to settle in smaller Canadian cities, rather than the "magnet" cities of Vancouver, Toronto, and Montreal. An immigration official was quoted as saying, "We hope by relocating them all together and resettling them as a whole to the same community, we can create a positive environment to help them integrate into Canadian society successfully."

The story went on to say that single refugees are eligible for $1,890 from the federal government as a "start-up" allowance, coupled with a $580 monthly social assistance cheque.

Readers of this story added $1,890 to

> “Readers of this story added $1,890 to $580, and immediately assumed that refugees could receive $2,470 per month, much higher than the $1,012 maximum available to pensioners through Old Age Security and the Guaranteed Income Supplement.”

$580, and immediately assumed that refugees could receive $2,470 per month, much higher than the $1,012 maximum available to pensioners through Old Age Security and the Guaranteed Income Supplement.

Toronto Star Ombudsman Don Sellar stated in a column November 27, 2004, “In painful hindsight, those details could have been clearer.” In actuality, the $1,890 start-up allowance was a one-time payment for basic household needs, such as furnishings, pots and pans, linens, etc. The $580 monthly allowance is payable only until stable employment has been found.

While this is not likely the first time a news story has been misinterpreted, what followed propelled this story into full-blown urban legend. A reader e-mailed the erroneous information to countless individuals, outraged that a refugee could collect $2,470 monthly—more than the maximum paid out to pensioners. Next, a letter to the *Toronto Star* editor was published that re-stated the figures and suggested that pensioners should apply as refugees.

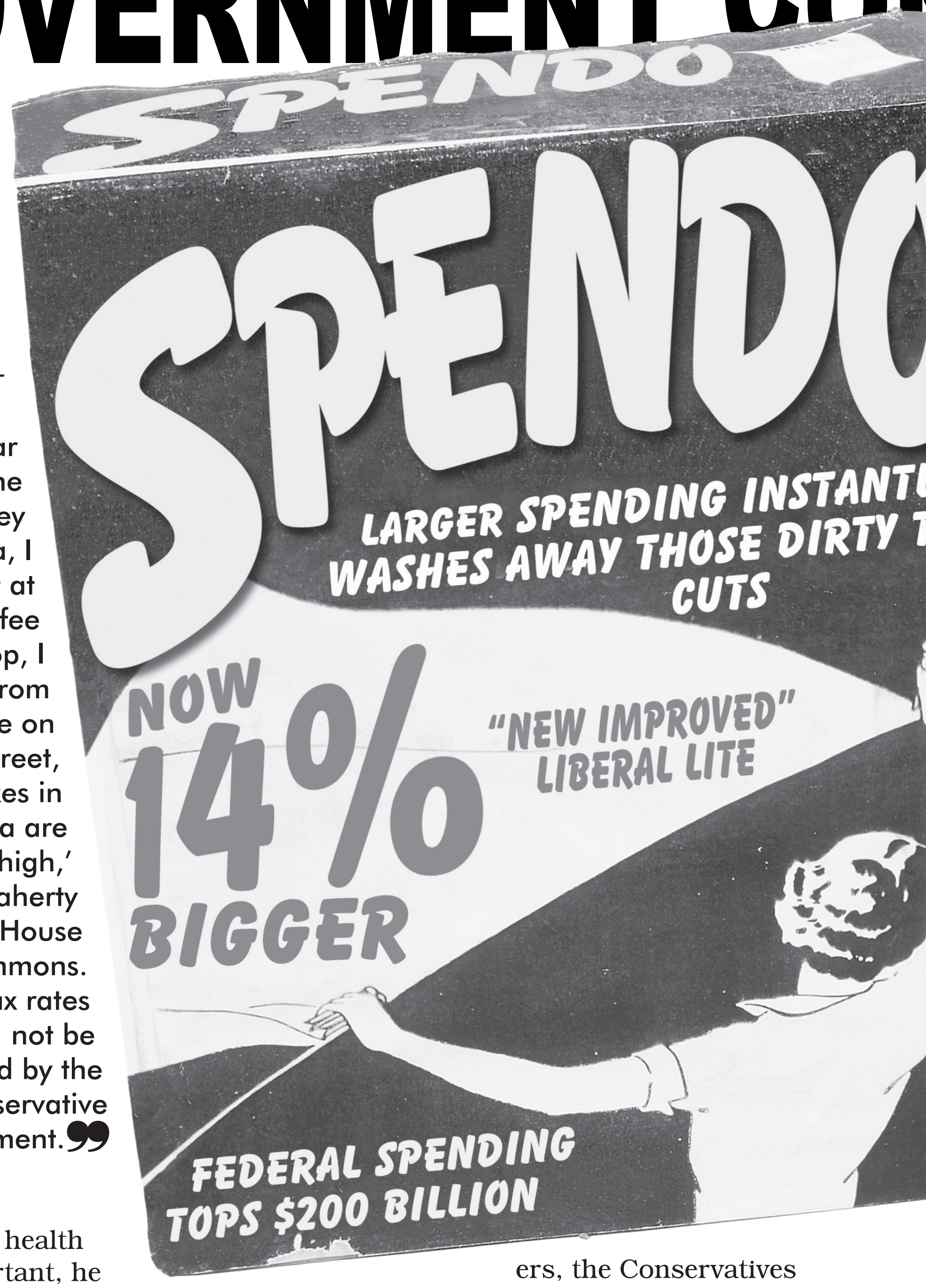
Sellar goes on to say that while fact checking of letters to the editor is done, “the occasional doozer gets through [and], that was definitely the case here.” Unfortunately, the misinformation was taken as fact and has grown into a fiction in fact’s clothing. Sellar concludes by hoping that his column might “dispel a damaging misperception about refugees and pensioners. Please tell your friends.”

Spread the word! The Earth is round, Elvis is dead, and refugees do NOT collect more than pensioners in Canada.■

REFUGEE CLASS IN 2003

Country of last permanent residence	Number of refugees	% of total of refugees
1. Pakistan	2,868	8.8
2. Colombia	2,818	8.6
3. China	2,536	7.8
4. Afghanistan	2,239	6.9
5. Sri Lanka	2,077	6.4
6. Sudan	1,379	4.2
7. Zimbabwe	1,333	4.1
8. India	1,180	3.6
9. Democratic Republic of the Congo	1,119	3.4
10. Somalia	1,084	3.3
Total - Top Ten	18,633	57.0
Total - All Others	14,050	43.0
Total	**32,683**	**100.0**

The Road to Big Government Con



One year ago, the newly-elected Conservative government delivered its first budget. Coming on the heels of the 2005/06 winter election, the Conservative's inaugural budget was a cautious start. This was not terribly upsetting since the document was completed in less than three months. It nonetheless fulfilled many of the party's popular campaign commitments to lower the GST from seven to six per cent (another point will be chopped by 2011), institute a universal $1,200 child care allowance, and enact an assortment of targeted tax relief measures that benefit some, but (unfortunately) not all taxpayers.

> “'I hear it at the hockey arena, I hear it at the coffee shop, I hear it from people on the street, taxes in Canada are way too high,' Mr. Flaherty told the House of Commons. Yet tax rates will not be reduced by the Conservative government.”

On the spending front, Finance Minister Jim Flaherty proposed an increase to government expenditures to fulfill defence and health care commitments. More important, he set the stage for broad-based tax reductions in the subsequent 2007 Budget. When details of the '06 budget were reported, your CTF stated in a news release, “If the government is capable of reducing spending in its non-priority areas and holding growth in others, the Conservatives will be able to offer broadly-based income tax relief in next year's budget.”

With a new government in Ottawa, many taxpayers were confident spending growth would be modest and meaningful tax relief would finally arrive. They were hopeful the

NSERVATISM

Conservatives would not forget that ordinary Canadians paid too much tax and were not benefiting from a larger federal bureaucracy and the government's recent expansion.

Time to Choose – Tax Relief or Big Government

During the long winter months, Mr. Flaherty repeatedly told the media he believed Canadians were due a tax break and the budget would deliver lower taxes. Possibilities included income splitting, dramatically increasing the basic personal exemption, lowering personal income tax rates, and raising the income thresholds that tax rates apply to. Taxpayers had every reason to expect the budget would deliver meaningful relief since the finance minister seldom missed an opportunity to talk about the necessity to lower taxes.

by John Williamson
Federal Director

On March 19, Finance Minister Flaherty tabled his second budget. He stated during his budget speech the taxes Canadians pay is excessive. "I hear it at the hockey arena, I hear it at the coffee shop, I hear it from people on the street, taxes in Canada are way too high," Mr. Flaherty told the House of Commons.

Yet tax rates will not be reduced by the Conservative government.

The 2007 Budget failed to deliver the relief Mr. Flaherty had talked about. Specifically, tax relief for *all* Canadians. Instead, targeted tax relief was aimed primarily at senior couples, low-income earners, and families with kids. The government fulfilled its October pledge to permit seniors to split pension income. A new tax credit will provide parents with income tax relief of up to $310 per child, and the credit for a dependent (i.e. stay at home) spouse was augmented to match the basic personal exemption for an additional tax savings of $209. Low-income earners were also handed a working income tax benefit to ensure anyone taking a job is not penalized financially. (This tax change, however, is a government expenditure and not a tax cut since people that benefit from this new payment pay no or very little tax.)

These announcements will certainly benefit families and your CTF has long advocated the spousal exemption be augmented to eliminate Ottawa's marriage tax penalty. But Mr. Flaherty's overall tax relief package was miniscule next to Ottawa's massive surpluses. Instead of lowering taxes, Mr. Flaherty's budget keeps Canada's high tax rates intact. This permits him to increase government spending to never seen before heights. As *National Post* columnist Andrew Coyne calculates, Mr. Flaherty is now "the biggest-spending finance minister in the history of Canada."

Last year — the first year of Mr. Flaherty's watch — the government's spending on programs increased by $13.8-billion, rising from $175.2-billion to $189.0-billion. This represents the second largest jump in dollars since the budget was balanced in 1997/98. In other words, several Liberal budgets were more prudent than Mr. Flaherty's work.

A budget so Liberal, the Grits should sue

The fiscal conservative has gone the way of the dinosaur, **JOHN IBBITSON** writes

How Liberal is this allegedly Conservative budget? It's so Liberal ... ually re-

all the heritage-festival money goes to Conse...

actually like to vote for a conservative party. No such creature exists any more.

Consider this telling example: Budget 2007 solves, once and for all, the notorious fiscal imbalance between federal resources and provincial obligations. We know this ... budget says so. It is,

child care, money for infrastructure, money for labour training. Most of it, however, will be spent next year rather than this year, and only after the federal and provincial governments have hammered out provincial accountability agreements.

Sorry. Try again next decade.

Politically, this budget is a masterstroke. The Tories, having established their social conservative bona fides on such symbolic, but ultimately trivial, issues as appointing judges, toughening criminal sentences and opposing same-sex

social transfers are disbursed is great news for Ontario. So the two provinces where the Tories most need to pick up seats win hugely, while the West and Atlantic Canada are left relatively out in the cold.

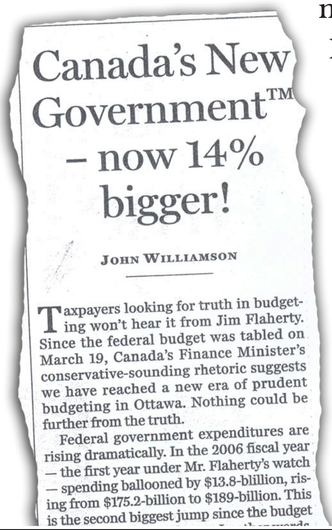
Saskatchewan Premier Lorne Calvert and Newfoundland Pre-

Government ... Now 14% Bigger

The outlook is not much better this coming year (fiscal 2007/08) with spending set to soar another $10.6-billion and reach $199.6-billion.

Federal program spending will rise an astronomical $24.4-billion since voters elected a Conservative government to set the country's tax and spending levels. Put another way, Ottawa has grown by 14 per cent under Canada's so-called New Government. When it comes to spending, the new Conservative government is little different from the old Liberal government.

On budget day, your CTF therefore concluded, "The government tabled a budget that dramatically increases the size of the state. As a result, the tax relief is neither broad-based nor all inclusive." It was a missed opportunity, particularly when the Organization for Economic Co-operation and Development (OECD) and Canada's finance department agree our personal income tax burden remains the highest of the G-7 nations.



Canada's New Government™ – now 14% bigger!

John Williamson

Taxpayers looking for truth in budgeting won't hear it from Jim Flaherty. Since the federal budget was tabled on March 19, Canada's Finance Minister's conservative-sounding rhetoric suggests we have reached a new era of prudent budgeting in Ottawa. Nothing could be further from the truth.

Federal government expenditures are rising dramatically. In the 2006 fiscal year — the first year under Mr. Flaherty's watch — spending ballooned by $13.8-blillion, rising from $175.2-billion to $189-billion. This is the second biggest jump since the budget

What Happened to Conservative Spending Restraint?

Rather than reduce the overall tax burden, the Conservative government opted to spend down the federal surplus. For every one dollar in targetted tax reductions in 2007, there are three dollars dedicated to new spending.

Mr. Flaherty's spending restraint melted away as the federal surplus grew and grew. Last year, for example, he missed his original 2006 budget target of a 5.3 per cent spending increase. Instead, it will be 7.9 percent, which is 50 percent more! Had the Conservative government not embarked on its end of year spending, it is estimated the surplus would have exceeded $14-billion. Instead, it was $9.2 billion the past year. As excess money poured into Ottawa, the surplus was "spent down" instead of being returned to taxpayers.

Consider that Mr. Flaherty routinely rebuked the old Liberal government for increasing program expenditures by "an average of 8.2 percent annually." Under his budget leadership, program spending in the 2006 fiscal year was 7.9 per cent — only 0.3 per cent off the Liberal amount.

Federal Government Tax Revenues and Program Spending

Fiscal Year	Total Revenues ($-billion)	Program spending ($-billion)	Annual Percenta Change in Spend
1997-98	160.9	114.8	n/a
1998-99	165.5	116.4	1.4%
1999-00	176.4	118.8	2.1%
2000-01	194.3	130.6	9.9%
2001-02	183.9	136.2	4.3%
2002-03	190.6	146.7	7.7%
2003-04	198.6	153.7	4.8%
2004-05	211.9	176.4	14.8%
2005-06	222.2	175.2	-0.7%
2006-07*	232.3	189.0	7.9%
2007-08*	236.7	199.6	5.7%

The Debt & Tax-Back Guarantee:

One of the few positive reforms is the proposal to enact a tax-back guarantee. This change will commit Ottawa to lower future taxes using interest savings that occur naturally when government debt is reduced. Ottawa's debt now stands at $472.3-billion and annual debt interest payments are more than $34-billion or $93-million each day. As debt

Wanted: Truth in Budgeting

"If the tax relief was as large as the minister claims, it would be reflected in the budget's revenue tables. Yet the only tax reduction that has actually resulted in a decrease in Ottawa's revenue bite is the one-point GST cut."

Finance Minister Jim Flaherty has exaggerated the size of the Conservative government's tax relief package. "Canada's new government has introduced nearly $38-billion in individual tax relief over [three years]," he wrote on March 23 in the *National Post*. Canadian taxpayers should be so lucky. The 2007 Budget did provide modest relief to low-income Canadians and families with children. It also reaffirmed already announced tax breaks for seniors.

If the tax relief was as large as the minister claims, it would be reflected in the budget's revenue tables. Yet the only tax reduction that has actually resulted in a decrease in Ottawa's revenue bite is the one-point GST cut.

According to the 2007 Budget, GST revenues were $33-billion in fiscal 2005. In fiscal 2007, Ottawa will collect $30-billion from this tax — that's a drop of $3-billion. Turn now to personal income taxes. Two years ago, these revenues totalled $104-billion. This year Ottawa will collect $115-billion and the amount rises to $121-billion next year. If Mr. Flaherty thinks this calculation unfair, taxpayers can instead measure the tax bite as a percentage of the economy, which the budget does. In fiscal 2005, GST revenue accounted for 2.4% of GDP, dropping to 2.0% in 2007. Personal income taxes meanwhile will rise to 7.7% of GDP this year, up from 7.6% two years ago. More tax revenue going to Ottawa means the Conservative's tax relief was neither deep nor dramatic.

Budget bait-and-switch routines come naturally to Mr. Flaherty. His 2006 Budget raised the lowest personal income tax rate from 15% to 15.5%. Instead of being upfront about this tax increase, he misled the public. "The lowest personal income tax rate will be reduced from 16% to 15.5%," he told the House of Commons last year. The result was to give Canadians a GST cut with one hand and collect more income taxes with the other.

The 2007 Budget was a missed opportunity to use the government's massive surpluses to lower personal income taxes.■

is reduced, interest savings will flow to taxpayers.

Of course, if spending growth continues to gallop ahead, debt reduction will be small. As a result, tax relief will be negligible. Minister Flaherty will reduce Canada's debt by only $3-billion this year. Without an aggressive debt reduction schedule, future tax relief under the tax-back guarantee will be meager.

Surplus – Latin for Big Government:

The conclusion from the 2007 Budget is Conservatives are no better at managing a surplus than the Liberals. Today, the word "surplus" means "big government" as Ottawa's spending has grown by leaps and bounds in step with the federal surplus. So long as legislators have excess tax money to spend the government will get bigger and bigger.

Canada's surpluses are certainly not a direct threat to the economy, but ongoing over-taxation by the federal government does weaken the nation's competitiveness and leaves families with lower take-home pay. High taxes and high spending removes economic resources from the private sector and impedes growth and prosperity. A balanced budget does not necessarily force lawmakers to control spending because it can happen by way of higher taxes and higher spending. Indeed, legislators are incapable of demonstrating restraint. Like the Liberals, the Conservative government is similarly unwilling to return the surplus where it rightly belongs, namely to the taxpayers of Canada.

Tax Relief Wins Votes

Many over-taxed Canadians had hoped the '07 budget would be transformational and deliver a more efficient and lower-taxing government committed to restraint, prudent spending and better management of tax dollars. Instead of changing Ottawa, the 2007 Budget appears to have changed the governing party – Mr. Flaherty adopted the high tax and high spending course plotted by the Liberal government.

Flaherty biggest of the big spenders

ANDREW COYNE
in Ottawa

At various points in the course of its 477 pages, the …dget pauses to declare itself …istoric." As in: "Budget 2007 …kes a historic investment of …" "Budget 2007 takes historic …on to…" They got that right. …h this budget, Jim Flaherty …cially becomes the biggest-…nding finance minister in the …ry of Canada.

…s true. The $200-bi… …ty proposes to…

worst, when it was almost shovelling the stuff out the door. It is more than the Mulroney government spent in its last days, when it was past caring. It is more than the Trudeau government spent in the depths of the early 1980s recession. All of these past benchmarks of over-the-top, out-of-contr… spending must now be retired. Flaherty has outdone them al…

In two years of this "co… tive" government, spend… climbed a historic $25-… Bear in mind: that's on… wild rise in spendin… Liberals' last te… have taken all o… waste, and a… of prioritie…

Cast …

In hi… Ma…

> **"The conclusion from the 2007 Budget is Conservatives are no better at managing a surplus than the Liberals."**

Some will argue that the Conservatives need a majority in the Commons before enacting broadly-based tax relief and cutting expenditures. But this is to suggest – wrongly – that tax relief is only good policy with a majority government. Voters are clamouring for lower taxes. It is why the Liberals proposed broad-based tax relief in 2000 and again in 2005 to counter popular Conservative election tax packages. The conclusion: tax relief is a vote winner.

The Other Option – The Party of Big Spenders

It is true a majority will put Prime Minister Stephen Harper in a position of greater strength. But at what cost? Should the Conservatives win a majority as the Party of Big Spenders they will not have a popular mandate to subsequently reduce spending. This is the road the Conservative government now finds itself on. It is paved with high taxes and excessive spending and leads to a bigger, more intrusive, federal government.■

In the aftermath of the 2006 federal budget *Maclean's* magazine editor-in-chief Ken Whyte said:

> **"The Canadian Taxpayers Federation dominated coverage of this year's budget."**

Indeed, the morning following the 2006 budget your CTF led reaction on the front page of the *National Post, Globe and Mail* and *Toronto Star.*

That's the clout and impact your financial support of the CTF earns year in and year out.

You employ a team of dedicated professionals in five provinces who conduct research, field media interviews, hold press conferences and issue news releases, commentaries and publications to give you a voice.

They speak at functions, make presentations to politicians and organize campaigns fighting for lower taxes, less waste and accountable government. 2006 was no exception:

- Your CTF helped make taxes and accountability the top two issues in last year's federal election. We supported passage of the *Federal Accountability Act* and fought to ensure after the election that a GST cut was not simply replaced with an income tax increase. The bottom line: you are paying less federal income tax today than you were paying one year ago!
- In June, your CTF presented the remainder of 40,000 petitions supporting abolition of the long-gun registry to Public Safety Minister Stockwell Day and welcomed a government bill committed to the same. A Commons vote is pending, and your CTF is working to ensure its passage;
- Although the government failed to keep its commitment to lower fuel taxes (and quit taxing gas taxes), the percentage of fuel taxes re-invested in roads increased from 7% in 2005 to 17% in 2006;
- Your CTF's long-held demand that the Canadian Senate either be elected or abolished was met with proposed legislation that would see Senators' terms limited and Senators chosen from candidates elected by popular vote in the provinces;
- Your CTF's public exposure and criticism of a $1-million pilot program to provide tattoos to federal inmates led to its cancellation.

> **"Your CTF helped make taxes and accountability the top two issues in last year's federal election."**

by Troy Lanigan
National Communications Director

These steps forward were part of your CTF's "*Top 20 Policy Priorities for The Harper Government*" released one year ago.

The list was created from a combination of sources: the Conservative Party's platform, long held CTF priorities and supporter survey results.

These priorities help your CTF keep the new government ac-

Gas tax to go for highways

Saskatchewan News Network

The NDP government introduced legislation Thursday that will mandate all money collected from on-road fuel tax be dedicated to the province's highways.

The move was promised in this year's throne speech.

The gas tax is 15 cents per litre and the government collects about $300 million on rural roads and municipal infrastructure.

"What we've heard from people is that they want the gas tax to benefit the highways. That's what this legislation actually provides," said Finance Minister Andrew Thomson.

The Fuel Tax Accountability Act, if passed, will require the finance minister to report annually on fuel tax

countable. These priorities help keep your CTF focused and, importantly, provide the government cover when big government advocates demand higher taxes and more spending.

Gains were also made at the provincial level:

- In our founding province of Saskatchewan, the NDP government implemented — almost verbatim — many CTF recommendations to reform and lower business taxes. The province's sales tax was reduced by two points and legislation dedicating fuel taxes to roads was passed.
- CTF recommendations and pressure makes Calgary city counsellors' salaries fully taxable. The CTF plans to use this precedent to force other cities and indeed provincial legislators to stop exempting a third of their incomes from federal and provincial income taxes;
- Your CTF was the only voice demanding tax relief leading up to a 2007 BC budget that cut income taxes 10% across-the-board. Your CTF successfully fought as part of a coalition to abolish parking taxes in the Lower Mainland. And your CTF's Olympic watch dog role resulted in the federal government announcing an audit of all monies spent to date.
- In Ontario, your CTF was the lone voice condemning money being thrown at the Caledonia stand-off instead of a tough response to an illegal blockade. Your CTF also stood alone demanding the brakes be put on a bid for Expo 2015 in which provincial taxpayers were being asked to sign a blank cheque to cover all cost overruns. The Toronto bid was scuttled.


NATIONAL POST

A taxpayers' agenda

JOHN WILLIAMSON

Once Stephen Harper is sworn in on Monday, he will be in a position to deliver much-needed reform in Ottawa.

Even with only a minority of seats in the House of Commons, Mr. Harper has an opportunity to transform federal-provincial relations, modernize Ot tawa's democratic institutions, and change the wa tax dollars are spent and collected. As prime min ter, he can ensure the priorities of taxpayer those of the federal government's.

There is much to be done. To track Mr. H progress, my organization, the Canadian ers Federation, has sketched out the follo orities.

■ First, Mr. Harper should limit his Cabi members and not overload the executive w cessive number of parliamentary secretari

■ The Cabinet's first task will be determi to do with Justice John Gomery's accoun mmendations. More transparency is r Canadians. The Gomery

Federal director John Williamson pushed the Harper government to adopt a taxpayer agenda in 2006.

The pages before you provide testimony that your CTF was kept busy in 2006. And while a brief summary cannot provide you every activity undertaken, it does give you a taste of the work we undertake.

In the coming year, your CTF plans to up its focus on municipal issues on two fronts. First, we'll be opposing new taxing powers for local governments. Second, we'll be releasing "Tax Cap" papers and campaigns in the provinces that demand an end to wild tax swings by mandating property taxes cannot increase above the Consumer Price Index. Increases beyond the CPI would require a referendum. The first campaign is already underway in British Columbia.

Your CTF will be front and centre in four provincial and possibly yet another federal election in 2007. We'll be pushing for mandatory debt retirement laws as we successfully did in Alberta. We'll be blowing the whistle on high and wasteful spending, including corporate welfare and billions of tax dollars being sent off to places like Russia for "hot air" cred-

its as a means to comply with the Kyoto Protocol. And of course, we'll be pushing for broad-based tax cuts that apply to *all* taxpayers.

Finally, your CTF made two important development gains in 2006:

- First, your CTF unveiled a new "supporters only" section on our website giving you unique access to past *Taxpayer* features, Waste Watch, supporter surveys, feedback portal, and special affinity offers.
- Second, we're pleased to report that initial development work was begun in the province of Quebec. Your CTF announced a working relationship with the newly-created Quebec Taxpayers League. League president Claire Joly is a regular contributor to *The Taxpayer* magazine and in 2007 the CTF and League will be issuing joint news releases.

A very simple story from this past year explains why the work of your CTF is so important.

When CTF federal director John Williamson presented pre-budget recommendations to the House of Commons Finance Committee in October, committee member Dean Del Mastro, MP was shocked.

He could not believe what he was hearing.

By Mr. Del Mastro's tally, more than $600-billion – yes that's BILLION — in spending requests had been presented to his committee. The federal government's entire budget is $220-billion!

But here was this one lone voice, actually demanding the government spend *less*, not more!

That "lone voice" exists because you choose to support it with your hard-earned after-tax dollars. Please take the time to look through these pages and appreciate the incredible contribution your support of the Canadian Taxpayers Federation is making.■

January

FEDERAL: In the wake of the federal election campaign the CTF releases calculations showing 66 resigned or defeated MPs will be taking home $77.5-million in cumulative pension benefits and another $2.6-million in severance. Widely reported, the CTF is the only organization in Canada that calculates releases and demands reform of MPs' gold-plated pensions.

BRITISH COLUMBIA: Pre-budget recommendations to Finance Minister Carole Taylor presented by CTF director Sara MacIntyre include legislated debt retirement, streamlining income tax, ending corporate welfare, transparent Olympic spending, and health care reform.

MANITOBA: After years of prodding, the CTF welcomes the province's adoption of Generally Accepted Accounting Principles (GAAP). Director Adrienne Batra points out the public will finally have a complete picture of fiscal health including crown corporations.


PENSIONS AND SEVERANCE PAY

MPs not leaving office empty-handed

More than $72M in pensions on the way

By Carly Weeks

Gold-plated MP pensions have to go

"The CTF [has] for years been doing yeoman's work watchdogging inflated parliamentary pensions."

Vancouver Sun
January 28, 2006

February

BRITISH COLUMBIA: The CTF releases a comprehensive property tax report that shows residential property tax bills rising 7-67% in various regions of the province between 2001-2005. The CTF launches a petition in support of a property tax cap that would limit increases to the Consumer Price Index and provide predictability for municipalities and homeowners alike.

BRITISH COLUMBIA: Calling it a "policy of particulars" the CTF reacts unfavourably to a budget that increases debt, spending and bureaucracy for every special interest in the province while leaving taxpayers behind. Director Sara MacIntyre calls on the government to get back to its roots that first got it elected in 2001.

ALBERTA: The CTF is contacted by Brian Clegg of Brantford, Ontario who is surprised to have received $400 in Ralphbucks! Brian has never lived or worked in Alberta. Director Scott Hennig repeats the CTF's contention that permanent tax relief is a far better policy than spending $10-million to administer one-time cheque distribution prone to errors.

MANITOBA: Director Adrienne Batra presents pre-budget recommendations to finance minister Greg Sellinger built on the pillars of debt reduction and tax relief. In addition, the CTF calls for elimination of corporate welfare, bracket creep, meaningful health care reform, and liquor privatization.

SASKATCHEWAN: In its 2006 pre-budget submission the CTF calls for spending restraint, tax relief, an end to corporate welfare, and accountability reform. Specifically, director David MacLean implores the government to move on recommendations of the Business Tax Review Committee and provide meaningful school tax relief for rural farmers.

ONTARIO: Currently facing a $415-million shortfall, the CTF proposes in pre-budget recommendations the city of Toronto get focused on priorities of public safety and infrastructure instead of culture, beautification and out-of-control salaries. Director Tasha Kheiriddin demands a brake be put on tax increases.

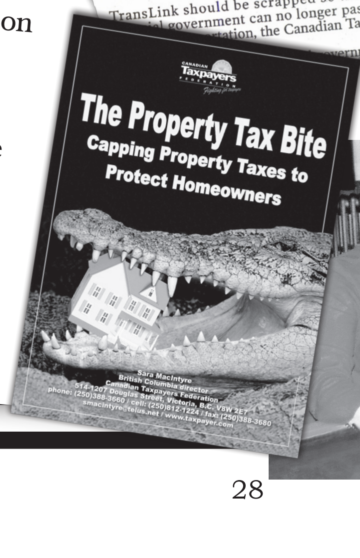
ALBERTA: The CTF's pre-budget submission focuses on elimination of the health care premium tax and the 3% insurance tax, putting $1.1-billion back in the pockets of Albertans. In a meeting with Finance Minister Shirley McClellan, director Scott Hennig also emphasizes control on spending natural resource revenues, a reduction in business taxes and health care reform.


Abolish TransLink, taxpayers' group says

GOVERNANCE | Transportation is a provincial responsibility, panel told

BY FIONA ANDERSON
VANCOUVER SUN

TransLink should be scrapped so that ...



Here with finance minister Carole Taylor, BC director Sara MacIntyre fought successfully for lower income taxes, an end to parking taxes and launched a property tax cap campaign.

March

NATIONAL: The CTF holds its 8th annual Teddy Waste Awards — a mock Oscars ceremony — honouring the best of the worst in high taxes and government waste. This year's award winners included Joe Volpe, the city of Richmond and David Dingwall.

ALBERTA: The CTF makes submissions to municipal compensation review committees in both Edmonton and Calgary demanding fair and transparent remuneration starting with elimination of tax exemptions for salaries and expenses.

BRITISH COLUMBIA: The CTF joins the "Park the Tax Coalition" in opposition to the unelected "TransLink" imposing parking lot taxes in BC's Lower Mainland. A CTF petition campaign receives overwhelming response. Director Sara MacIntyre meets with Transportation Minister Kevin Falcon. The tax would be imposed, but later canceled early in 2007!

ALBERTA: The CTF responds to release of the 2006 provincial budget pointing out that the 10 percent increase in core program spending is being financed by non-reliable, non-renewable resource revenues. However, director Scott Hennig also commends the government for accepting the CTF's recommendation to reduce business taxes.

ONTARIO: A "tax and spend budget from a high taxing and high spending government" is how director John Williamson summarizes the McGuinty government's third budget. Since assuming office in 2003, income tax revenues are up 32% and corporate tax revenues up 48%; yet the province remains mired in deficit.

Ontario director Tasha Kheiriddin hosts the 2006 Teddy Waste Awards

April

FEDERAL: The CTF reacts favourably to the new Conservative government's first Speech from the Throne. Director John Williamson calls it concise and focused on key campaign commitments.

BRITISH COLUMBIA: The CTF responds angrily to two pieces of government legislation that choke transparency and accountability. New exemptions weaken the province's Freedom of Information law; and changes to the Public Inquiry Act would allow the government to terminate a public inquiry or change its terms of reference without notice.

FEDERAL: While most of the federal government's *Accountability Act* earns praise from the CTF, director John Williamson holds a joint news conference with the Canadian Newspapers Association criticizing the government's removal of Access to Information reforms. Director Tanis Fiss responds favourably to inclusion of native bands in the *Accountability Act* which will for the first time allow the auditor general to audit money transferred to native bands.

SASK: The CTF welcomes long overdue business tax reforms in the province's 2006 budget, but director David MacLean raises alarm bells over government spending which now tops $7.7-billion – an increase of 46% over just 7 years — at a time when the province's population is declining. The CTF also slams a $445,000 ad campaign to promote the budget.

May

FEDERAL: The CTF gives a mixed grade to the first Conservative budget in 13 years. While raising income taxes modestly and not delivering on promised gas tax relief, a cut in the GST coupled with business tax reductions leave taxpayers in a better overall position. And while debt continues to come down, spending rises even higher than what was budgeted by the previous Liberal government.

NATIONAL: At five news conferences across the country your CTF launches its 8th annual gas tax honesty campaign with a focus on getting Prime Minister Harper to keep his word to lower gas taxes and allow municipalities to invest federal gas tax transfers into roads and infrastructure.

MANITOBA: On the anniversary of the province's *Freedom of Information Act* review, director Adrienne Batra issues a statement demanding action on 25 amendments submitted by a CTF-led coalition two years earlier. Chief among the recommendations is appointment of an FOI commissioner.

Saskatchewan director David MacLean holds a press conference to launch the CTF's gas tax honesty campaign.

Gas tax cut urged

...VERTHORN

"That is not the case. Only 11 per cent of the federal money collected on gasoline actually goes back into ...ads."

...o illustrate his point, MacLean ...

"We're very optimistic with this new government because they've been talking the talk, now they've got to walk the walk."

Stephen Harper ...

June

NATIONAL: The CTF responds to the announcement that Tax Freedom Day will fall on June 19. Although five days earlier than last year, the three levels of government still consume 46% of the average family's income.

FEDERAL: At a news conference on Parliament Hill, CTF director John Williamson delivers the remainder of 40,000 petitions to Public Safety Minister Stockwell Day demanding the long-gun registry be shut down.

Federal director John Williamson presents petitions to Hon. Stockwell Day calling for an end to the long-gun registry.

Taxpayers to Deliver Gun Registry Petitions to Public Security Minister

Ottawa: The Canadian Taxpayers Federation (CTF) will present 28,000 gun registry petitions to Minister of Public Safety Stockwell Day this afternoo at 3:30pm. The CTF earlier delivered 14,000 gun registry petiti Auditor-General Sheila Fraser's office in 2002.

BRITISH COLUMBIA: The CTF calls for dissolution of TransLink in its submission to the provincial government's review of the regional transit authority. Director Sara MacIntyre argues the province should not be devolving responsibility – and taxing authority – to an unelected and unaccountable body. Translink would be completely reorganized in 2007.

ONTARIO: Research director Adam Taylor blasts passage of the ironically titled *Stronger City of Toronto for a Stronger Ontario Act* which grants new taxing authority to the city of Toronto (including sales, and land transfer taxes). Taylor points out the precedent will have other municipalities across Ontario and Canada lining up for similar tax powers instead of having to control their spending.

FEDERAL: Director Tanis Fiss blasts the Harper government for accepting an opposition amendment that removes a clause in the federal government's *Accountability Act* that would have allowed the auditor general to audit native reserves.

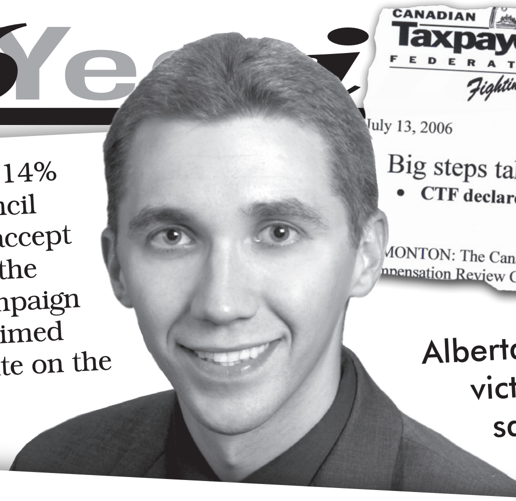
SASKATCHEWAN: In its submission to the Saskatchewan MLA Indemnity Review Committee the CTF calls for more transparent, fair and accountable pay, including elimination of tax free salaries, transition allowances and an external indexing factor for future compensation increases.

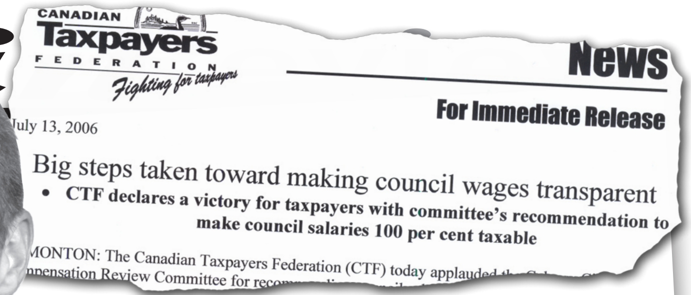
July

FEDERAL: Director John Williamson skewers a secret deal by MPs to increase living allowances by 20% and – wait for it – the ability to direct their $75 a day meal allowance to pay down a mortgage in the nation's capital. John challenges Prime Minister Harper to end Ottawa's inbred culture of entitlement — not enhance it!

ALBERTA: Your CTF declares victory with many CTF recommendations forwarded to the city of Calgary's Compensation Review Committee being adopted including — finally — making 100% of councillor salaries subject to federal and provincial income tax. Meanwhile, Edmonton's committee recommends tax exemptions remain intact and compensation is increased 21% for

city councillors and 14% for the mayor. Council would later vote to accept the increases while the CTF launches a campaign and petition drive aimed at forcing a plebiscite on the issue in the fall of 2007.




CANADIAN Taxpayers FEDERATION Fighting for taxpayers

News

For Immediate Release

July 13, 2006

Big steps taken toward making council wages transparent

- CTF declares a victory for taxpayers with committee's recommendation to make council salaries 100 per cent taxable

MONTON: The Canadian Taxpayers Federation (CTF) today applauded

Alberta director Scott Hennig declares victory as Calgary city councillors' salaries will finally be subject to income tax.

August

FEDERAL: After criticizing corporate welfare in opposition and publicizing repayment records once in office, Industry Minister Maxime Bernier puts the federal government's flagship corporate welfare program Technology Partnerships Canada back on life support by issuing new regulations and announcing funding recipients. Director John Williamson reiterates the CTF's call for lower business taxes and an end to subsidy handouts.

BRITISH COLUMBIA: After 12 years in the provincial capital, your CTF announces it has moved its BC office to Vancouver to expand Interior and Lower Mainland development.

ONTARIO: Neil Desai is named the CTF's provincial director, taking over from Tasha Kheiriddin. Neil immediately responds to a surprise surplus for fiscal 2005/06 by demanding repeal of the province's health tax.

September

MANITOBA: The CTF calls for tax and debt reduction with release of the 2005/06 public accounts which show revenue and spending at an all time high. Director Adrienne Batra marks Right to Know Week by appearing as a conference panellist.

FEDERAL: The CTF welcomes the federal government's announcement that it will pay $13.2-billion down on the federal debt and trim $1.1-billion in spending including corporate welfare and the Court Challenges Program.

ALBERTA/NATIONAL: The CTF welcomes a court challenge initiated by the Canadian Constitutional Foundation on behalf of Calgary resident Bill Murray challenging an Alberta law forbidding citizens from purchasing private health insurance. Former CTF Alberta director John Carpay is the foundation's director.


CANADIAN Taxpayers FEDERATION Fighting for taxpayers

TAXACTION

A Monthly Issues and Action Update for CTF Supporters — September 2006

Don't let Accountability be Hijacked by the Unaccountable!

Senators have declared they will not be rushed into passing Bill C-2, the *Federal Accountability Act*. The bill passed the House of Commons on June 21st with support from *all* parties, including the Opposition Liberals. It now requires approval in the Senate before it becomes law.

The fact the bill received overwhelming support in the democratically-elected lower chamber would suggest its passage in the upper house is a formality. Not so fast.

Senators have the power to thwart legislation by burying a bill in committee or watering ... with amendments.

- Zimmer, Rod A. A. - Lib. - (Manitoba) Phone toll free: 1-800-267-7362 or 1-800-599-4999. Mail postage free: The Senate of Canada, Ottawa, ON K1A 0A4

Your CTF is urging ALL supporters to contact these unelected and unaccountable Senators today and demand immediate passage of Bill C-2! The delaying tactics ... represents exactly why this ... business as usual ... ble!

FEDERAL: The CTF reacts angrily to the Senate's delay of passage of the federal *Accountability Act*. The bill passed the democratically

elected House of Commons with broad multi-partisan support in June. The CTF would later issue a *TaxAction* to supporters urging them to contact members of the Senate's Legal and Constitutional Affairs Committee and demand its immediate passage.

BRITISH COLUMBIA: The CTF heads a broad coalition in support of strengthening the province's Freedom of Information law. The Campaign for Open Government is followed up with a well-attended and media covered conference marking Right to Know Week featuring prominent local and cross-country speakers.

ONTARIO/NATIONAL: While Canada's Big City Mayors Caucus gathers in Toronto, the CTF issues a statement opposing any new taxing power for local government. Ontario director Neil Desai warns fiscally reckless Toronto — which recently received new taxing authority — is no model for the rest of the country.

NATIONAL: The CTF unwraps a new website exclusively for supporters that includes past *Taxpayer* magazine features, *TaxActions*, affinity offers, referrals, address change info, and the 2006 supporter survey which, for the first time, can be filled out online.

October

MANITOBA: Documents obtained by the CTF through Freedom of Information show Winnipeg city councillor Donald Benham misusing his taxpayer-funded credit card for purchases such as hair cuts, liquor and books on winning elections. The CTF demands Benham return his credit card and reimburse city ratepayers.

FEDERAL: The CTF leads national opposition to yet another Senate junket … this one costing taxpayers $150,000. Their intention was to visit troops in Afghanistan. But even before they left Canada, the military told them it was not safe. Not deterred, four senators and three staffers travelled to Dubai, apparently to wait for the military to change their mind.

BC/FEDERAL: The CTF applauds the federal government's announcement that it will audit the millions of federal tax dollars given to Vancouver Olympic organizers, calling it a good first step toward accountability and inviting the provincial government to follow suit.

ALBERTA: In the lead-up to the provincial PC leadership race, the CTF announces distribution of a questionnaire to candidates on 16 key issues. The CTF also commissions a poll on key CTF priorities.

SASKATCHEWAN: The CTF releases a major study showing the cost of running government liquor stores has soared 33% over the past four years. Salaries — which account for 65% of all expenses — are up 23%, while construction costs are up a whopping 500% over the previous year! Director David MacLean launches a province-wide petition drive in support of privatization.

Manitoba director Adrienne Batra demands Winnipeg city councillor Don Benham return his taxpayer-funded credit card after using it for personal purchases, including hair cuts and liquor.

November

FEDERAL: The CTF welcomes a $13.2-billion debt pay down announced as part of the government's Economic and Fiscal Update and urges the government to take the next step and legislate a mandatory repayment schedule. The CTF also criticizes higher spending now topping 7.1% for the year.

BRITISH COLUMBIA: Director Sara MacIntyre presents pre-budget recommendations to Finance Minister Carole Taylor. Highlights of eight recommendations include legislated debt reduction, creation of a tax review committee, property tax cap and lower income tax. The 2007 budget would cut income tax 10% across the board.

ALBERTA: The CTF releases results of two commissioned poll questions, one showing 77% support for recall legislation, the other showing 58% support for legislated spending limits. The poll is aimed at PC leadership candidates.

ALBERTA: As part of the PC leadership race the CTF grades candidate survey results placing Ted Morton and Gary McPherson on top with Jim Dinning and Ed Stelmach on the bottom. The grades are based on responses to CTF priority issues.

SASKATCHEWAN: Documents obtained through Freedom of Information and released by the CTF reveal Saskatchewan government employees take 23% more sick days than the national average for all workers. The CTF estimates $20-million lost in productivity by government departments and a further $14-million lost by government crowns. The CTF condemns the government for failing to address absenteeism which is up 7% since 01/02.


Canadian Taxpayers Federation

where do we go from here?

A Taxpayers' Platform

Responses from PC Leadership Candidates to 16 Questions from the Canadian Taxpayers Federation

November 14, 2006

Scott Hennig
Alberta director, Canadian Taxpayers Federation
#202-10621-100 Ave NW, Edmonton, Alberta T5J 0B3
PH: (780) 448-0159 • e-mail: shennig@taxpayer.com • web: www.taxpayer.com

As part of the Alberta PC leadership race the CTF grades candidates responses to survey questions.

Activity Report
2006 Year in Review

Office	Media Contacts	Events/ Speeches/Letters/Releases/ Reports/Meetings/Etc.
Ottawa*	1,413	189
Alberta	535	129
Manitoba	496	154
B.C.	441	144
Sask	323	103
Ontario*	261	48
Policy Reform**	186	74
Totals	3,655	841

* For the months of March through July, the Ontario numbers were included in the federal totals. **Policy Reform was originally called the Centre for Aboriginal Policy Change. Totals are for the months of January through September.

December

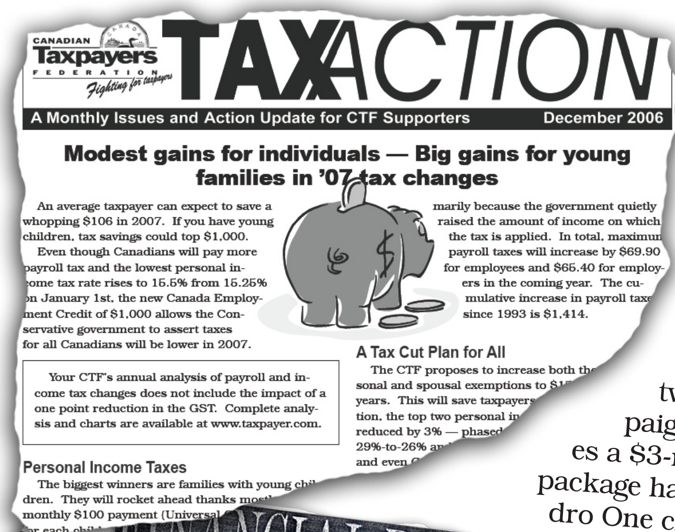
FEDERAL: The CTF welcomes the government's decision to end funding of a $1-million pilot project to provide tattoos to federal inmates. Had the program expanded to all federal institutions the price tag would have climbed to $8.4-million. The CTF was the only organization in the country calling the program a waste of money and demanding its termination.

FEDERAL: The CTF releases its annual income and payroll tax changes kicking in January 1st showing that income taxes and CPP taxes are up, but offset by lower EI premiums and the new Canada Employment Credit. A $45,000 wage earner can expect to save $106 in 2007.

MANITOBA: Director Adrienne Batra calls it a step backwards for health care reform in response to the government disallowing the private Maples Surgical Centre from charging customers for MRI scans and paediatric dental services. Batra suggests the move contravenes the Supreme Court decision in *Chaoulli v. Quebec*.

FEDERAL: The CTF blasts a $350-million hand-out to Pratt and Whitney. As part of a soon-to-be released report, the CTF reveals the company has been handed $1.5-billion since 1982 from Industry Canada alone. To date, repayment has totalled a mere $92-million. The CTF repeats its call for an end to corporate welfare!

ONTARIO: The CTF launches two petition campaigns. One opposes a $3-million severance package handed former Hydro One chair Tom Parkinson, who resigned in the wake of questionable expenses, and the second demanding cancellation of a 25% pay increase for MPPs.■



CANADIAN Taxpayers FEDERATION Fighting for taxpayers

TAXACTION

A Monthly Issues and Action Update for CTF Supporters December 2006

Modest gains for individuals — Big gains for young families in '07 tax changes

An average taxpayer can expect to save a whopping $106 in 2007. If you have young children, tax savings could top $1,000.
Even though Canadians will pay more payroll tax and the lowest personal income tax rate rises to 15.5% from 15.25% on January 1st, the new Canada Employment Credit of $1,000 allows the Conservative government to assert taxes for all Canadians will be lower in 2007.

marily because the government quietly raised the amount of income on which the tax is applied. In total, maximum payroll taxes will increase by $69.90 for employees and $65.40 for employers in the coming year. The cumulative increase in payroll taxe since 1993 is $1,414.

Your CTF's annual analysis of payroll and income tax changes does not include the impact of a one point reduction in the GST. Complete analysis and charts are available at www.taxpayer.com.

A Tax Cut Plan for All

The CTF proposes to increase both the sonal and spousal exemptions to $1 years. This will save taxpayers tion, the top two personal in reduced by 3% — phased 29%-to-26% an and even

Personal Income Taxes

The biggest winners are families with young chi dren. They will rocket ahead thanks most monthly $100 payment (Universal

FINANCIAL POST

OTTAWA HIT OVER LARGESSE

$350M TO PRATT & WHITNEY

Jet-engine maker has received $1.25B since 1983

BY SEAN SILCOFF in Longueuil, Que. AND PAUL VIEIRA in Ottawa

The president of **Pratt & Whitney Canada** yesterday pledged to repay the federal government hundreds of millions of dollars of past aid as Ottawa gave another huge handout to the aircraft-engine maker — one of the bigges to date to an aerospace firm.
The Conservative govern which in opposition c handouts to aerospa terday unveile contribution

old Technology Partnerships Canada (TPC) program.
"Your governments, with your taxes, have the obligation to create favourable conditions for job creation in Canada," Michael Fortier, Minister of Public Works and Government Services and minister responsible for the Montreal area, said at a press conference at PWC's head office near Montreal, using language r markably similar to that utte by Liberal ministers in th government. "The kind undertaken by this c what Canada needs m
The public ai tionally re

December was a busy month for the CTF's Ottawa office as it tackled further corporate welfare handouts and released its annual year-end, tax-changes report.

The lights are on, but is anybody home?

It's tough to understand if there is any logic at work in the head offices of BC Hydro. Over the holidays, as the coast was slammed with storm after storm, work crews were scrambling to return power to customers. Meanwhile, over at headquarters, BC Hydro executives were launching one of the biggest advertising blitzes ever by a crown corporation.

According to a Freedom of Information request, BC Hydro spent close to $2 million on television, print, radio and web ads. The campaign, "planning for generations" warns viewers that the province has a growing energy gap, but not to worry because BC Hydro has everything under control. It would be laughable if it wasn't so hypocritical! That 'growing energy gap' exists because of the bungling of most new power projects by BC Hydro itself.

> "The campaign, 'planning for generations' warns viewers that the province has a growing energy gap but not to worry because BC Hydro has everything under control. ...That 'growing energy gap' exists because of the bungling of most new power projects by BC Hydro itself."

The recent Duke Point Power Project is just one example of BC Hydro mucking up a deal that could have narrowed the energy gap. The project was almost unanimously supported by stakeholders in the Nanaimo area. The mayor of Nanaimo had personally and very publicly endorsed the proposal. It was set to proceed and at the last minute BC Hydro walked away. Cost to ratepayers: $120-million.

The Duke Power Project is but one example of BC Hydro's schizophrenic business practices. And yet, they have the temerity to use ratepayers' money to warn of a growing gap that they are responsible for. Instead of throwing away money on an advertising campaign, BC Hydro should be getting back to the business of energy and ink deals to increase energy generation in BC!■

Tax Cuts Back on the

After years of being put on the backburner, taxpayers were given a much deserved break in this year's provincial budget. An across the broad 10 percent reduction in personal income tax rates will be fully implemented by 2008. The reduction does not apply to the top rate which remains 14.7 percent. All taxpayers will have more in their pockets as a result of this year's budget. For an income earner of $70,000 the total yearly savings will be $517.

However, the budget also included new and enhanced tax credits which unnecessarily complicate the tax code. The CTF has repeatedly urged the government to move toward a simpler, lower and flatter tax system. British Columbia is one of the few provinces that has five different income tax rates. Simplifying the tax system would en-

They're Back!

by Sara MacIntyre
British Columbia Director

The issue of MLA compensation is back! Although the legislative assembly sat a mere three days in the past 8 months, that was enough to put pay and benefit hikes at the top of their priorities for the 2007 spring session.

Many of you may recall the outrageous backroom deal hatched between the governing Liberals and the NDP opposition just after the 2005 election. The plan included a 15 percent salary increase, a return of the gold-plated pension scheme and a boost to constituency budgets.

After a firestorm weekend of criticism from your CTF, the NDP backed out of the deal and MLA compensation has been *persona non grata* ever since. That is, until Premier Campbell announced an "Independent Commission of Review" in January to review and recommend changes to MLA salaries and pensions!

The base salary for an MLA is $76,100 per year plus a group RRSP where their employer (the Legislative Assembly) contribute 9 percent of their base pay. MLAs can match that each and every year. But, even if they don't, their employer kicks in the 9 percent regardless! Whereas, in the real world, employers may match between 50 and 100 per cent of the employee's contribution to the group RRSP, but never contribute if the employee doesn't. And the contribution amount is usually between 3 and 5 per cent of the base salary, not 9 percent!

Our MLAs are already far ahead in terms of pension benefits; and, considering the average weekly wage in BC works out to just under $37,000 a year, the MLA salary isn't so bad either. So why this new commission?

It's a back door attempt to bring back the gold-plated pensions that saw taxpayers contribute five dollars for every dollar contributed by the MLA. Those plans were scrapped in 1996, thankfully! And a citizens' panel on remuneration helped design the current salary and pension benefits MLAs enjoy today.

Perhaps the formula used to determine yearly increases in MLA salaries could be updated. But there is absolutely no reason to review MLA pensions. They are already more generous than what most taxpayers could hope for.■

"Our MLAs are already far ahead in terms of pension benefits; and, considering the average weekly wage in BC works out to just under $37,000 a year, the MLA salary isn't so bad either."

Agenda

hance transparency, stimulate growth and set a path for further reductions.

There are several red flags in this year's budget that are not to be overshadowed by welcome tax cuts. Annual debt interest costs are expected to rise from $1.9 billion in 2006 to an estimated $2.5 billion in 2010. The government's total debt is also on the rise, estimated to hit $40 billion by 2010. Program spending or ministerial budgets have surged from $23 billion in 2003 to $29 billion for 2007. That's a 20 percent increase in four years, definitely not prudent or sustainable.

The CTF is urging the government to hold the line on spending, adopt a debt retirement plan and a tax plan that is simpler, lower and flatter.■

dispelling myths about the health care premium tax

It's like clockwork, nearly every time your CTF starts talking about how the Alberta government needs to eliminate the regressive Alberta Health Care Premium tax, some politician starts pulling out the ole' health premium myths.

The two biggest myths? A) the revenue collected from the health care premium tax goes directly into the health care budget, and B) if the tax is eliminated, the millions it generates will have to be cut out of the health care budget.

The fact is the entire $912 million the Alberta government is projected to collect this year from the health care premium tax goes into the government's General Revenue Fund. Not one penny goes directly into the health care budget.

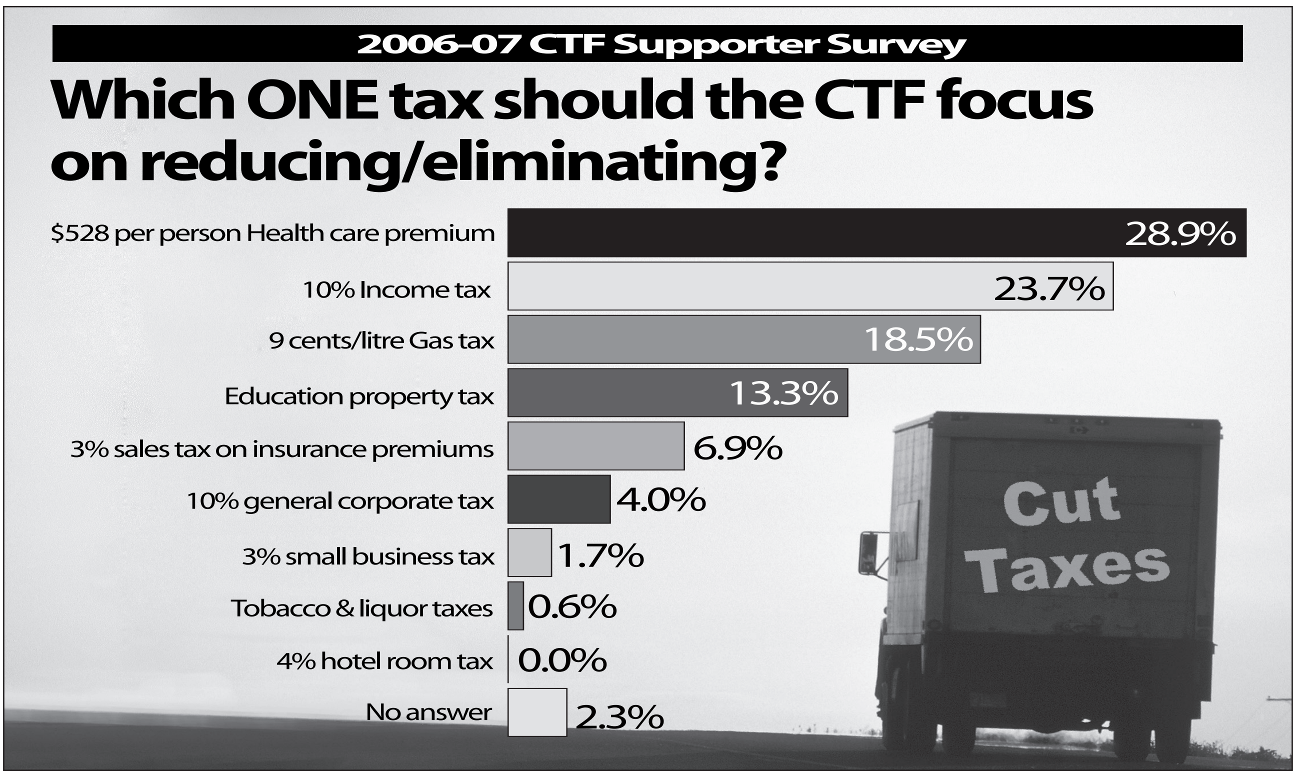
> “The fact is the entire $912 million the Alberta government is projected to collect this year from the health care premium tax goes into the government's General Revenue Fund.”

Furthermore, if anyone thinks the Alberta government will actually take money out of health care, they're dreaming in Technicolor. When the premium tax is eliminated (that's right — when), not one red cent will be taken out of the health care budget.

Yet, the facts haven't stopped some politicians from spreading these myths. Calgary MLA Wayne Cao recently stated: “we have to collect from somewhere, or else you have to reduce the health care budget by that amount – which is scary.”

During the 2005 Budget debate, then-finance minister Shirley McClellan responded to a question about health care premiums: “Health premiums are around $1 billion, just under, in revenue. Should we have gotten rid of premiums and not given Health that money?”

For these current and former politicians to suggest that health care premiums actually fund health care and eliminating them would mean a cut to the health



care budget is at best disingenuous, and at worst an out-and-out lie.

In 2004, when the Alberta government eliminated health care premiums for seniors, it represented a loss of revenue for the government of $22 million dollars. According to the myth spreaders — Alberta's health care budget must have also been cut by $22 million, right? Wrong.

by Scott Hennig
Alberta Director

In fact, heath spending increased that year by $1.4 billion.

An honest debate on the premium tax is long overdue. But it's awfully tough to have an honest debate on the issue when one side is not being honest.■

What did Lyle Oberg, Alberta's new Minister of Finance, have to say during the PC Leadership race?

He may not be Premier, but he's still got control of the coffers. Here are a few of the personal responses Dr. Lyle Oberg gave to your CTF when we questioned him in October 2006 during the PC leadership race.

Will you eliminate the health care premium tax?

Lyle Oberg: Yes… I will eliminate the health care premium tax, which I believe to be an unfair tax on corporations and citizens for an essential service that should be paid from general revenues.

Will you eliminate the hidden sales tax on insurance premiums?

Lyle Oberg: The insurance tax is an example of a hidden tax that should be eliminated by the Alberta government.

Will you cap annual provincial spending increases at a rate of the combined growth in the inflation and population rate?

Lyle Oberg: Yes I would consider introducing legislation to cap provincial spending increases at a rate of the combined growth in the inflation and population rate. However it must be noted that there are times (such as the last two to three years) when it is wise for government to invest money in infrastructure projects to keep up with the pace of economic growth.

Will you legislate a minimum of 50 per cent of resource revenues be saved each year?

Lyle Oberg: No, I do not believe that a minimum level of 50 per cent of resource revenues should be saved each year. I have recommended in my platform that a minimum of 20 per cent per year be placed into the Heritage Savings Trust Fund. I also believe that it is essential to have Albertans earn their tax reductions, by getting a 1 per cent personal tax rate reduction for every $10 billion in savings invested into the Heritage Savings Trust Fund.■

Government flight-logs now online

As of January 2007, the Alberta government is putting government aircraft flight logs online.

Want to know how many flights Premier Ed Stelmach took in January, and where he went? Visit: http://www.servicealberta.gov.ab.ca/flightmanifests.cfm and check it out.

Visit www.taxpayer.com to read the letter your CTF sent to Treasury Board President, Lloyd Snelgrove commending the new Stelmach government for this move towards transparency, and encouraging them to make hospitality and travel expenses the next to hit the web!■

Saskatchewan's *vote-buying* budget

Saskatchewan's 2007 provincial budget has a little something for almost everyone – unless you happen to be part of a middle-class working family.

If you're a senior citizen over the age of 65, the government will pay for most of your prescription drugs. If you're a recent graduate of a post-secondary program, you'll enjoy a $5,500 tax break over the next five years.

> "It [Fiscal Stabilization Fund] had around $877 million in it a few months ago. The government now plans to spend most of it this year just to pay the bills. In fact, government debt is scheduled to rise by $300 million in 2007-08."

It's very trendy these days for governments to offer "boutique-style" tax savings and entitlements. These tax changes are tailor-made, not for broad appeal, but to curry favour with specific demographic groups in the hope they'll thank big brother come election time. While such blatant political bribery offends the sensibilities of most Canadians, too many are happy to be bought on budget day. That is, until the bill comes due.

Take Saskatchewan's shiny new prescription drug entitlement that caps prescription costs at $15 per month for all seniors over the age of 65. It will, no doubt, be quite popular with most seniors but the cost for everyone else could soon be astronomical. First off, there is no "means testing." That means you can be a 65 year old millionaire and still qualify for taxpayer-funded drugs.

The government says the program will cost $100 million in its first year but acknowledges drug costs are rising by "double digits" every year. Once this horse is out of the barn, it will be impossible to get it back in.

The kicker is that the province already has a prescription drug plan for low income seniors – one that is sensibly means-tested and justifiable in principle.

If you belong to the right demographic (ie. students and seniors) you come out ahead in the budget. Everyone else is left holding the tab for government spending that is out of control and unsustainable.

In order to pay for its rainbow of spending promises, the province plans to spend $700 million more than it takes in revenues this year — that's $787 for every man woman and child in the province.

Remember that controversial "rainy day"

David MacLean, right, presents your CTF's 2007 pre-budget recommendations to Brad Wall, leader of the Opposition.

bank account called the Fiscal Stabilization Fund? It had around $877 million in it a few months ago. The government now plans to spend most of it this year just to pay the bills. In fact, government debt is scheduled to rise by $300 million in 2007-08.

by David MacLean
Saskatchewan Director

When questioned about whether the rainy day fund should be used when government revenues are higher than they ever have been, Finance Minister Andrew Thomson commented to the media that the fund was a “shock absorber” designed to help pay for last year’s business tax cuts.

Never to let the facts get in the way of some good spin, Thomson ignores the fact that government revenues have increased well beyond inflation and effectively cancelled out the impact of the business tax relief. The only “shock” the rainy day fund is absorbing is the one caused by outrageous government spending.

Much like the Harper government in Ottawa, the Saskatchewan NDP is on an historic vote-buying spree in advance of an election. Unfortunately, middle-of-the-road working families won’t see much from this budget. At least, not until the bill comes due in a few years.■

CTF makes pre-budget recommendations

Your CTF took its budget recommendations on the road in February and pitched its ideas to commerce students at the University of Saskatchewan and to the Brad Wall and the Saskatchewan Party’s economy committee.
Here are the recommendations:

Recommendation 1
Pass legislation that would limit spending to inflation and population growth.

Recommendation 2
Reduce health care spending by outsourcing services such as cleaning, laundry, food preparation, maintenance, security, landscaping, information technology, property management and human resources services or through the use of P3s.

Recommendation 3
Remove all regulatory restraints in order to create a private, home-grown market for health services.

Recommendation 4
Privatize Saskatchewan Transportation Corporation.

Recommendation 5
Privatize liquor retail operations in order to save millions each year and create hundreds of new businesses.

Recommendation 6
Amend the *Balanced Budget Act* so that withdrawals from the fiscal stabilization fund are only made if revenues are forecast to decline at least 5 percent from the previous four-year, inflation-adjusted average.

Recommendation 7
Review and amend the *Balanced Budget Act* to require repayment of fiscal stabilization withdrawals within four years from the time of withdrawal.

Recommendation 8
Over the next two fiscal years, increase the basic personal exemption to $15,000 and implement an 11 percent single rate tax.

Recommendation 9
Increase the provincial share of education funding to 75 percent over five years.

Recommendation 10
Adopt fixed election and budget dates.

Recommendation 11
Require, in law, approval from the electorate before raising taxes.

Recommendation 12
Legislate financial penalties for cabinet ministers who exceed their approved budgets.

Recommendation 13
Legislate an all-party committee to review and approve crown and agency heads.■

CTF urges gov’t to implement single-rate income tax

❑ Federation presents recommendations for upcoming budget

By Lana Haight
of The StarPhoenix

Saskatchewan’s NDP government needs to “finish the job,” according to a government watchdog.
“Everybody in Saskatchewan wants to grow the economy. We want to see the population grow. The steps the government took last year (in the provincial budget) were the right ones, but there’s still a ... said David MacLean, Saskatchewan ...

make Saskatchewan the best place to build a business, work and raise a family.
“The government is spending millions of dollars on advertising, trying to promote the province abroad, trying to get people to come and raise families and work here. You can either spend millions of dollars on advertising or you can actually change the product,” he said.
MacLean commends the provincial government for the business tax reforms introduced in 2006, including a reduction in the provincial sales tax rate and the axing of the capital tax. Now the government needs to tackle personal income tax, he says.
He wants to see the provincial government follow the lead of some eastern European countries and ...

“People are sick and tired of seeing our politicians waste money, make huge mistakes with our public money and get away with it.”
—David MacLean, Sask. CTF director

To keep politicians accountable for how much they spend, MacLean is recommending cabinet ministers have some of their salaries taken away if their departments exceed their budgeted allocations.

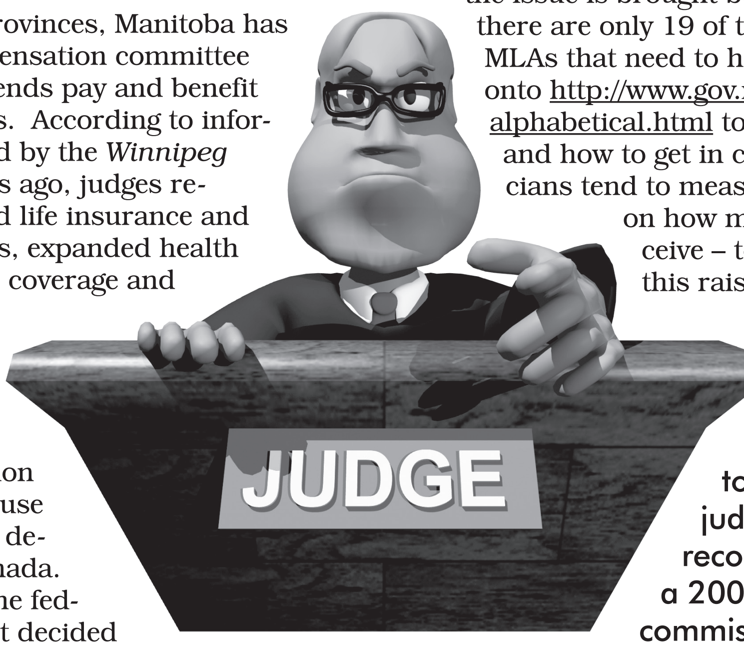
“Pass legislation that would limit spending to inflation and population growth.”

Judicial Juggernaut

by Adrienne Batra
Manitoba Director

Just before the Christmas holidays, with little to no notice, a standing committee of the legislature quietly recommended a three-year, 11 percent salary increase for Manitoba's judges retroactive to 2005. If the pay-hike is approved by the legislature, provincial court magistrates will enjoy an annual income of $178,000.

Like other provinces, Manitoba has a judicial compensation committee which recommends pay and benefit levels for judges. According to information obtained by the *Winnipeg Sun*, a few years ago, judges received improved life insurance and pension benefits, expanded health care and dental coverage and a $2,500 annual educational allowance.

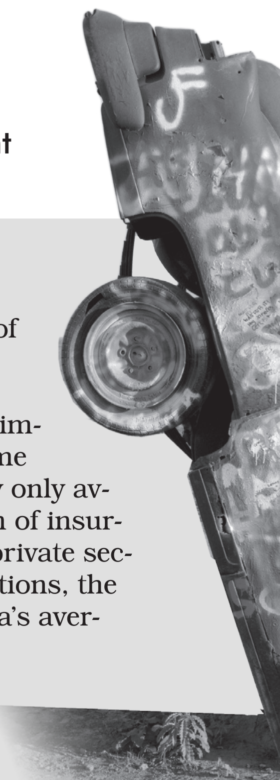


The issue of judicial compensation has been the cause of considerable debate across Canada. Just last year the federal government decided to reduce a judicial increase recommended by a 2004 independent commission. Presumably, they did so because taxpayers and politicians have not received similar levels of increases to their compensation.

Your CTF recommends the salary adjustments be based on the changes in the Average Weekly Earnings of Manitobans, as calculated by Statistics Canada. Using an impartial, third-party number that accurately reflects the change in taxpayers ability to pay is the fairest way to adjust judicial compensation.

After columnist Tom Brodbeck exposed the proposed salary hike, the opposition Tories quickly pointed out they had voted against the increase in committee and will do so again when the issue is brought before the legislature. But there are only 19 of them; there are 38 other MLAs that need to hear from taxpayers. Log onto http://www.gov.mb.ca/hansard/members/alphabetical.html to find out who your MLA is and how to get in contact with them. Politicians tend to measure their decisions based on how many complaints they receive – together we can still stop this raise for judges.■

> “Just last year the federal government decided to reduce a judicial increase recommended by a 2004 independent commission.”

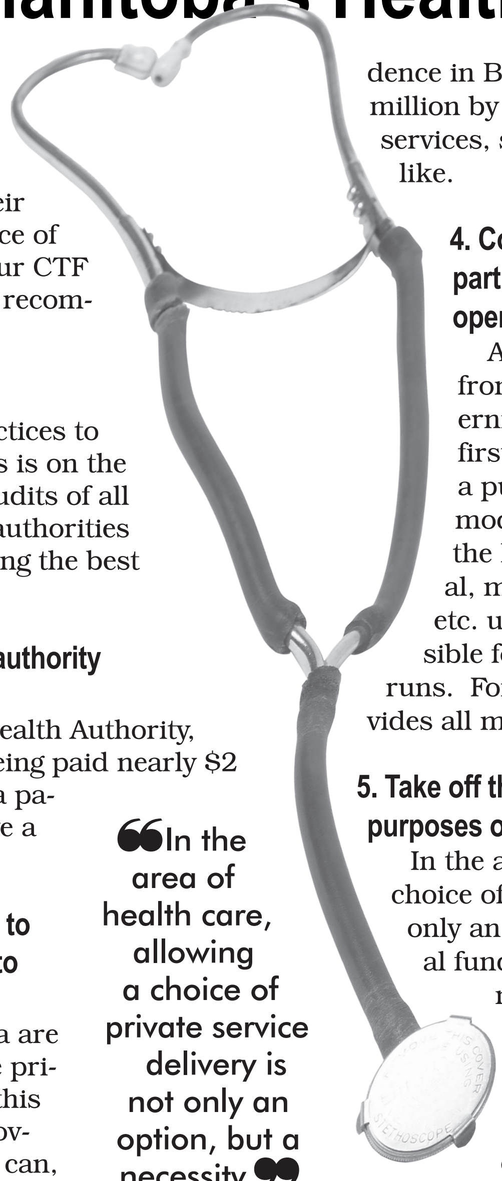


Breaking the MPI Monopoly

A recent report conducted by public policy analyst and former CTF director Mark Milke for the Frontier Centre for Public Policy (www.fcpp.org), shows data used by government-run insurance companies such as ICBC, MPI and SGI to buttress their low-rate claim, is seriously flawed.

Government-run insurance companies use a little trick. Instead of comparing premiums paid, they compare premiums quoted. For example, the Consumers' Association of Canada (CAC) claims to estimate insurance costs in each province and then rank them. However, the CAC simply averages insurance quotes to come up with its insurance cost figure. By only averaging quotes, the broader selection of insurances providers and options in the private sector is eliminated. By Milke's calculations, the CAC 2005 report exaggerated Alberta's aver-

Reviewing Manitoba's Health Authorities



The NDP government's Throne Speech commitment to review the province's 11 regional health authorities is a welcome departure from their previously unapologetic defence of the regionalization model. Your CTF has put forward the following recommendations for the review:

1. Annual audits.

Everything from hiring practices to increased administrative costs is on the minds of taxpayers. Annual audits of all spending lines for the health authorities will ensure taxpayers are getting the best bang for their buck.

2. Review salaries of all health authority administrative staff.

At the Winnipeg Regional Health Authority, the top ten bureaucrats are being paid nearly $2 million. Meanwhile, Manitoba patients wait ten weeks to receive a CT scan. Enough said.

3. Charge the health authorities to come up with a long-term plan to contract out services.

Provinces all across Canada are contracting out services to the private sector. We acknowledge this is an *anathema* to the NDP government; however efficiencies can, and have been found as is evidence in BC which has saved over $60 million by contracting out laundry, food services, security, maintenance and the like.

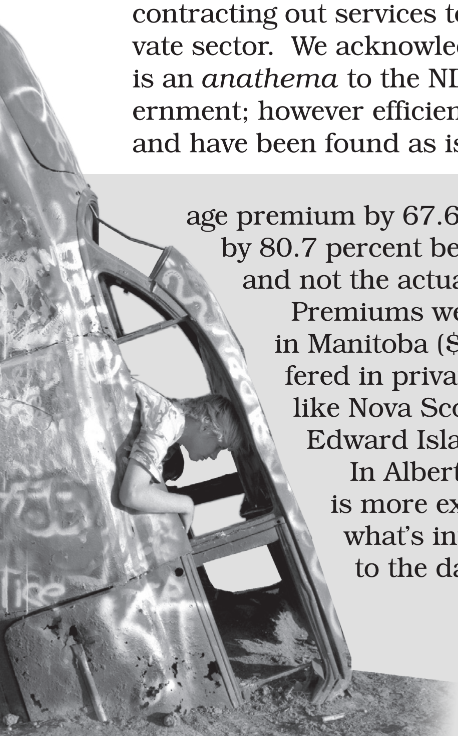
4. Consider public-private partnerships for construction and operation of hospitals.

An excellent example comes from Abbotsford, BC. The government is building the province's first hospital in a generation using a public-private partnership (P3) model. The private partner builds the hospital and provides janitorial, maintenance, laundry, security, etc. under contract and is responsible for performance and cost overruns. For its part, the government provides all medial services.

5. Take off the ideological blinders for the purposes of an honest review.

In the area of health care, allowing a choice of private service delivery is not only an option, but a necessity. Annual funding increases come without a noticeable long term improvement in the length of surgical waiting lists, the availability of advanced medical technology and the accessibility and affordability of pharmaceuticals.■

> “In the area of health care, allowing a choice of private service delivery is not only an option, but a necessity.”



age premium by 67.6 percent and Ontario's by 80.7 percent because it used “quotes” and not the actual premiums paid.

Premiums were higher on average in Manitoba ($920) than those offered in private sector provinces like Nova Scotia ($842) and Prince Edward Island ($811).

In Alberta, private insurance is more expensive. But here is what's interesting. According to the data, Manitoba's premiums are steadily on the rise, whereas in Alberta, rates are coming down. Between 2003 and 2005, the average premium paid in Alberta decreased from $1,141 to $1,022.

To be sure, legal restrictions and regulations in each province affect the cost of providing insurance. But more to the point, why does MPI continue to have a monopoly in Manitoba? If the government-run insurance company is so confident in the services and rates provided, they should not be afraid of some competition.■

A Little More Leadership A Little Less WHINING

by Adam Taylor

After nearly four years in power, Ontarians are getting weary of the same old song crooned by Premier McGuinty. Everyone but him is to blame for all of Ontario's problems. Sound like leadership?

Ontario's premier sees bogeymen everywhere. First it was the predecessor Progressive Conservatives who "surprisingly" left a huge deficit. In the 2003 provincial election McGuinty's Liberals shouted from the rooftops that Ernie Eves was hiding a deficit. Yet, that didn't stop Premier McGuinty from promising not to raise taxes. He even signed the Canadian Taxpayers Federation's "Taxpayer Protection Pledge" and vowed to only raise taxes with the explicit consent of Ontarians in a province-wide referendum.

In their first budget, the Liberals introduced the largest tax increase in Ontario's history under the guise of a "health premium."

Next, the McGuinty government blamed the federal government for its fiscal woes, loudly proclaiming the existence of a so-called "fiscal imbalance."

Is there a fiscal imbalance? Absolutely. It exists between governments and taxpayers.

Has anyone asked why the McGuinty Liberals can't balance Ontario's books? Don't they have more money now thanks to their massive tax hike? It is simple. The more money they have, the more they spend.

Since first elected, spending has increased by over 20 percent. In short, every revenue increase has been met with a corresponding spending increase.

There has been money for all sorts of politically driven projects – a billion for transit in the Greater Toronto Area (GTA), hundreds of millions for cities, and recently, a shocking 25 percent increase in pay for MPP's.

Do you know anyone in the private sector whose company is in the red, yet still hands out 25 percent pay raises?

Ontarians are getting shortchanged by this government. Not only are the books in deficit, there is a serious leadership vacuum. Broken promises and constantly pointing the finger elsewhere is hardly a sign of good leadership. Mr. McGuinty needs to look in the mirror before he starts checking under his bed for the next bogeyman.■

New Ontario Director Appointed

The Canadian Taxpayers Federation is pleased to announce appointment of Kevin Gaudet as its Ontario Director based in Toronto.

Born in Halifax, Kevin has lived in eight Canadian provinces. His undergraduate degree is in Philosophy from the University of Lethbridge. He enjoyed a Summer Fellowship in Communications at the University of Amsterdam and completed his MBA at Western University's Richard Ivey School of Business.

Mr. Gaudet has both public and private-sector experience. He was the Director of Opposition Research for Preston Manning and has done marketing strategy and government relations work for high-tech firms in telecommunications, banking, computer services and medical technology.

Kevin is fluent in French and English. He, his wife Makiko, and their three children make their home in Toronto.

Where There's a Will – There's a Way

On February 12, 2007 the City of Ottawa passed its 2007 budget that kept property taxes down for city residents. While there is a slight increase of 0.3%, it is remarkable just how far the goal-posts have moved in this city since the November '06 municipal elections.

Back then, the incumbent mayor and other challengers insisted property taxes could not be frozen without drastic service cuts. They claimed that at the very least, property taxes had to increase with inflation. However, Ottawa citizens, tired of seeing their taxes go up and up without any corresponding improvement in services, opted for a different approach. They elected Larry O'Brien who promised tax freezes, fiscal restraint, and bringing efficiency back to city hall.

However, despite the fact that frontline services were not on the chopping block, the local city workers union (CUPE 503) implied just that and launched an $80,000 ad campaign that suggested if taxes were frozen, the snow plows may not plow and ambulances may not show up if called. This type of union fear-mongering is predictable and most residents see through these self-serving scare tactics.

The latest developments at the city of Ottawa should be a blueprint for all municipalities across Ontario to follow. When the political will is there, spending can be controlled and taxes kept down!■

Put Government-run liquor in the landfill

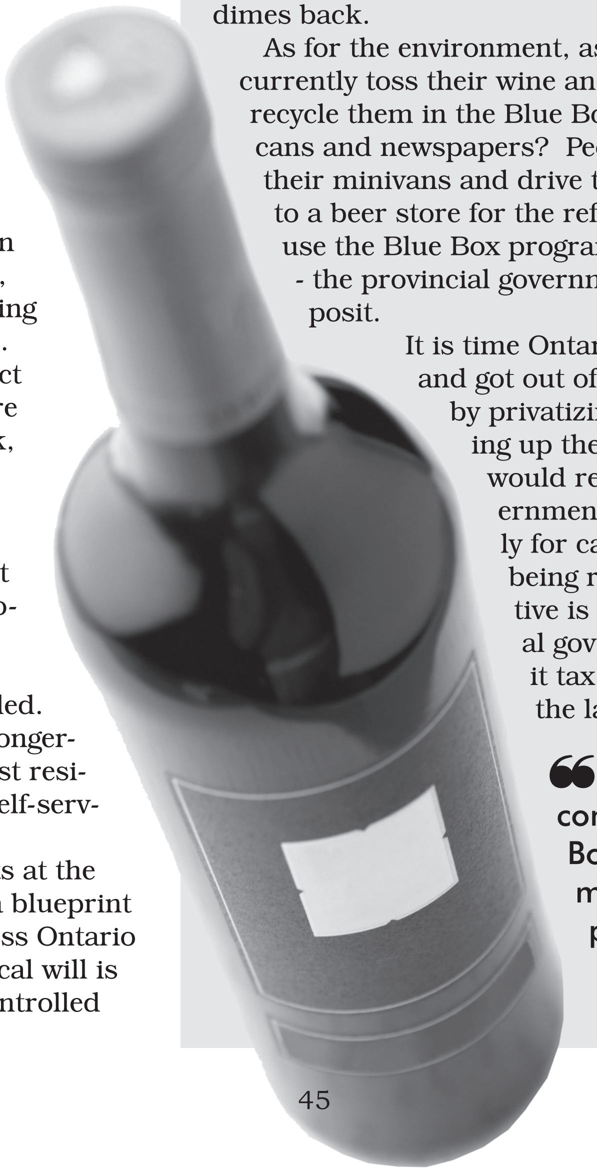
If anyone needed any more proof that Ontario's monopoly on the sale of beverage alcohol fails consumers and taxpayers, look no further than the recent cash grab by the McGuinty government.

Masked in the ruse of an environmental program, the government announced that, starting February 5th, the Liquor Control Board of Ontario will begin charging consumers a deposit on wine and spirit bottles.

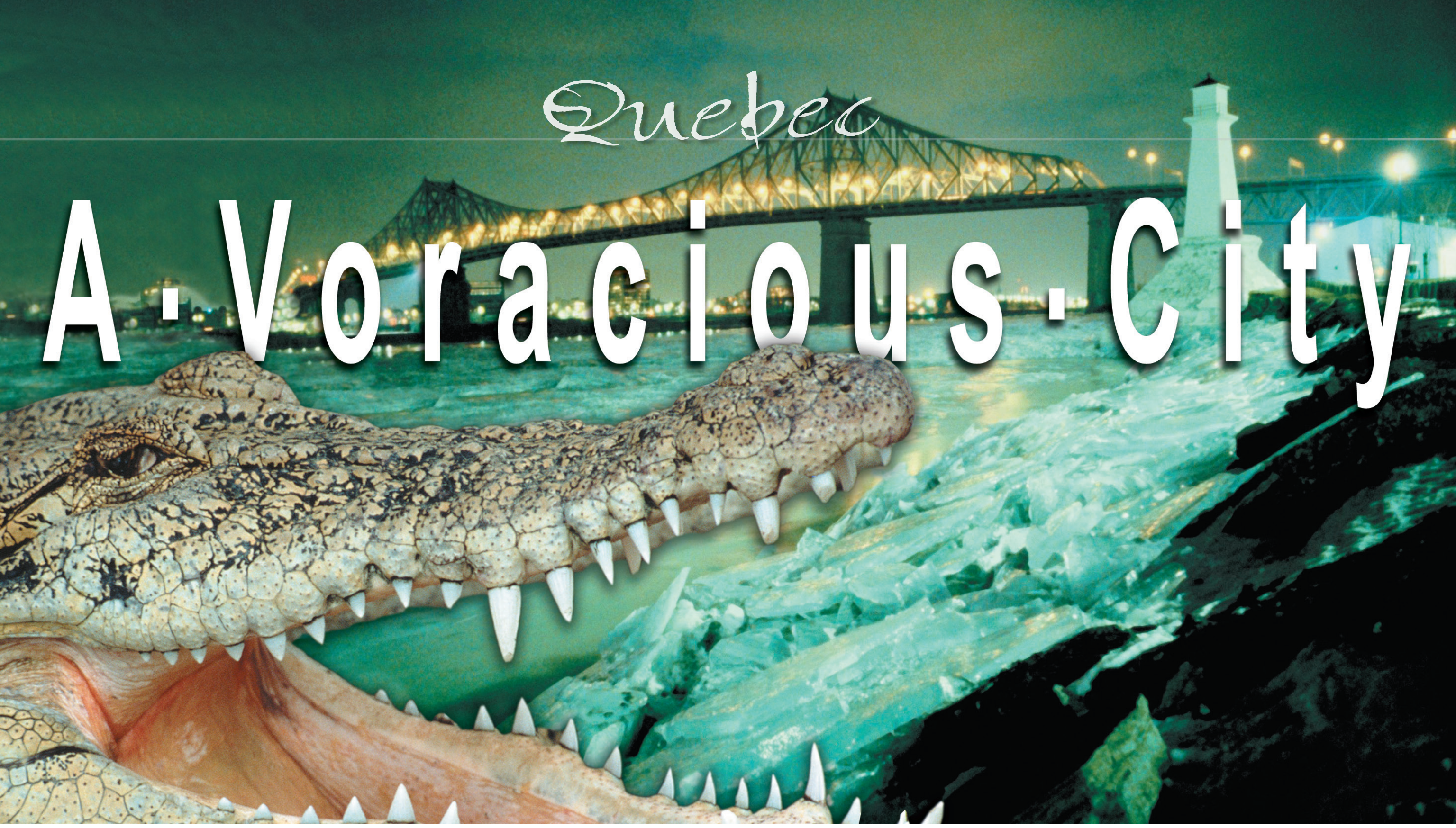
How will it work? A consumer will buy his or her bottle of wine or whisky from the LCBO and pay between 10 and 20 cents at the time of purchase depending on the size of the bottle. Unfortunately, consumers can't take their bottles back to the LCBO outlet for a refund. Instead, they will go to the nearest Beer Store (another government engineered monopoly) to get their dimes back.

As for the environment, ask whether Ontarians currently toss their wine and spirit bottles away or recycle them in the Blue Box along with their pop cans and newspapers? People now have to load up their minivans and drive their empty liquor bottles to a beer store for the refund. If they continue to use the Blue Box program – as most surely will -- the provincial government will pocket the deposit.

It is time Ontario followed Alberta's lead and got out of the booze businesses by privatizing the LCBO and breaking up the Beer Store cartel. This would remove the ability of government to use their monopoly for cash grabs. The only thing being recycled with this initiative is another tax by the Liberal government. It is the deposit tax that should be going into the landfill.■



"If they [Ontarians] continue to use the Blue Box program — as most surely will — the provincial government will pocket the deposit."



Quebec

A·Voracious·City

It looks like this year's Montreal budget is mostly good news. Or is it? Increases in spending are below the inflation rate and Mayor Tremblay held to his promise not to raise property taxes. However, to balance its budget, Montreal froze money transfers to its 19 boroughs, forcing seven of them to do the dirty work and impose their own property tax on top of the city's.

Hardest hit by this new local surtax — as it is called — were the residents of the borough of LaSalle. On average, they are facing a frightening 17% increase of their total property tax bill. Infuriated, owners demonstrated in the streets!

Freezing transfers was not enough to balance the budget though. The reality is that the city of Montreal's current level of spending is unsustainable. The Tremblay administration could have decided it was time for the city to live within its means, but they rather chose to follow the easier path of raising revenues.

City officials were not short of ideas in that department. For example, an additional $20 million will be collected this year from parking meters, mainly by extending their hours of operation and increasing rates. Angry business owners say this is already driving customers away from the main commercial arteries. Another $40 million will be added to the city of Montreal's coffers by giving out more parking and traffic violation tickets. Incidentally, giving out tickets has turned out to be an incredibly lucrative business for the city. From 2002 to the end of 2007, it will have generated close to $1 billion in revenue!

by Claire Joly
Quebec Taxpayers League

> "The reality is that the City of Montreal's current level of spending is unsustainable."

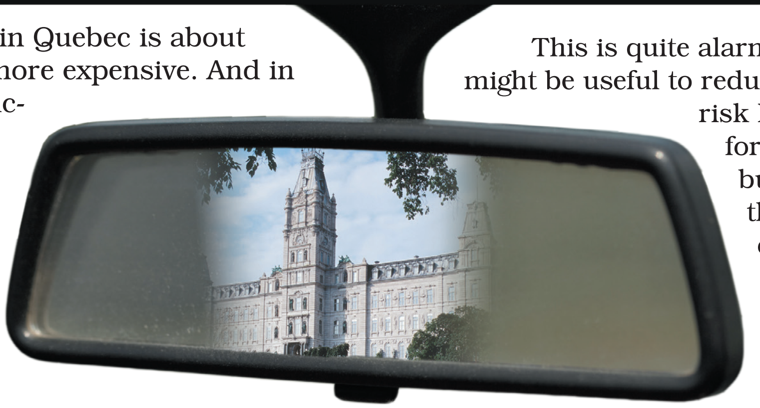
But the worst may be yet to come. Mayor Tremblay is now asking the provincial government for sweeping new taxing powers, similar to what was recently granted Toronto. He contends that Montreal will be facing chronic deficits unless the city diversifies its revenue sources.

What about revisiting priorities? Standing up to the unions? Cutting back on the number of elected officials that currently stands at 105? Toronto has 45!

Luckily, the provincial election will buy Montreal taxpayers some time to get organized and vigorously oppose any new taxing powers for the city. What Montreal needs is fiscally responsible politicians, not new ways in which to squeeze money out of taxpayers.■

Motorists beware!

Driving a car in Quebec is about to become more expensive. And in some instances a lot more expensive. Photo radar is on its way and, sometime in 2007, motorists will be hit with a 1.3 cent increase in the price of gas.



The Quebec government refuses to label this increase as a tax. It's technically a "levy on hydrocarbons applied to greenhouse gas emitting industry in the energy sector" and it will apply to all fossil fuels. The government is instituting it to finance the 24 actions put forth in its plan to combat climate change.

Still, what motorists will be dealing with is a gas tax in all but name. They are not happy about it, so the government has been trying to put the onus of such an unpopular measure on the petroleum industry. The government has asked the industry to pay the levy without passing it along to consumers. If they do, the government trumpets in the media, it means they don't care about the environment. Yeah, right.

It's a rather creative PR stunt, but it doesn't seem to be working. Most people understand that businesses adjust the price of their goods to reflect production and operating costs — including levies — whether they are selling gas, microwaves or apples. No matter what the government calls it, this is a gas tax! Needless to say, the Quebec Taxpayers League is looking forward to blowing the whistle as part of the CTF's Gas Tax Honesty Campaign this May!

There's more bad news in store for Quebec motorists, though. According to the *La Presse* newspaper, municipalities will soon be granted the right to use photo radars on their roads.

> "Photo radar is on its way and, sometime in 2007, motorists will be hit with a 1.3 cents increase in the price of gas."

This is quite alarming! Photo radar might be useful to reduce speed at high-risk locations and therefore prevent accidents, but they also have the potential to become ATMs for cash-strapped municipalities. The latter is highly probable, considering Quebec municipalities are the most heavily indebted in Canada. Furthermore, municipalities such as Montreal are already in the business of giving out tickets to balance their budgets.

The Quebec Taxpayers League believes photo radar should be a measure of last resort to deal with excessive speeding on our roads. If they are to be introduced, we will demand that municipalities put all fines collected, minus the administrative costs, into a special provincial fund. The money would then be redistributed every year to drivers with impeccable records, leaving no incentive for municipalities to use photo radars to raise revenues. Only then would motorists have some assurance that photo radar will not turn into yet another cash cow.■

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